

THE TIMES Tomorrow



A tale for St Valentine

Modern romance is courting by classifieds rather than sending bouquets and billets-doux. The Hawk and the Blackbird, a short story for St Valentine's day by Antonia Fraser, explores the pitfalls.

Beachcombing Island idyll in the Caribbean

Browned off Microwaves: the new generation

Portfolio

The Times Portfolio daily competition prize is £4,000 today because there was no winner yesterday. Portfolio list, page 28; how to play, information service, page 40.

6 pickets arrested at TNT

Six pickets were arrested early yesterday outside the offices of TNT, the Southampton-based road hauliers who are organizing the nationwide delivery of News International's four national newspapers.

Contempt proceedings against the National Graphical Association, whose members at News International have been dismissed for striking, will be heard today in the High Court.

An appeal to the police by Mr Tony Dubbins, general secretary of the NGA, for officers to stop all vehicles entering and leaving News International's new printing plant at Wapping, east London, so that pickets could speak to the drivers, was turned down by Scotland Yard yesterday.

The Union of Communication Workers decided yesterday to comply with a High Court injunction to withdraw instructions to postmen to block the delivery of Sun hingo cards.

If things get worse, I can always use it as a riot shield.



Two pages of Valentine messages are in today's Times - pages 12 and 13.

PC 'well'

George Hammond, the policeman who was stabbed during a sweet shop raid last year, is recovering well after his kidney transplant operation yesterday at Dulwich Hospital, south London.

Dingo row

Mrs Lindy Chamberlain, the woman at the centre of the "dingo baby" murder case, has become the focus of a wrangle between the Australian Federal Government and the Northern Territory administration.

Poison war

Iran and Iraq accused each other of using poison gas in the desperate battles being fought out in the swamps south of Basra.

Table with 2 columns: Home News, Overseas, Arts, Business, Court, Crosswords, Features, Law Report, Leaders, Letters, Motoring, Parliament, Sale, Science, Snow Reports, Sport, Theatres, TV & Radio, Weather.

Thatcher dashes last hopes of Budget tax cuts

By Anthony Bevins, Political Correspondent

The Prime Minister yesterday damped down any remaining hopes of significant tax cuts in next month's Budget.

Asked in the Commons whether she would reduce rates of tax rather than increase income tax thresholds, Mrs Margaret Thatcher replied: "I am sure we would like to be able to have the choice."

"In view of the fall in oil prices that have already taken place, we must above all have a prudent and cautious Budget."

But in a written Commons reply last night, she reaffirmed her long-term determination to reduce the proportion of national income taken by taxation.

There is now increasing certainty among Conservative backbenchers that the Prime Minister will not only stay on until the next election - but that the election will be delayed until 1988 in an attempt to weather the immediate economic and fiscal difficulties provoked by the plummeting price of oil.

Treasury sources said last night that each dollar fall in the price of oil on a stable exchange rate cost the Exchequer about £500 million in lost revenues - and the price had fallen by about 14 dollars since last autumn.

Nigel Lawson, the Chancellor of the Exchequer, was urged in the Commons not to use the oil price fall as an excuse for failing to raise income tax thresholds; the

accepted means of helping the lower paid.

The Chancellor said: "It would be highly desirable and beneficial for the British economy and beneficial for employment if we could reduce the burden of taxation generally and of income tax in particular."

"But the plain fact is that the substantial loss of North Sea oil revenues as a result of the sharp fall in the oil price is not an excuse; it is a fact."

But after a one-hour discussion on the Budget at yesterday's Cabinet some ministers were far from downhearted about the long-term prospects of the economy for the Conservative Party.

A Downing Street source said that virtually every minister had spoken at the meeting and there had been absolutely no discord.

The Prime Minister told the House that the fall in oil prices provided an economic opportunity. "Undoubtedly, it will be helpful to our manufacturing industries. It will reduce their costs," she told MPs.

But she joined Mr Lawson in warning that the bonus could be lost if wages continued to outpace productivity.

Mrs Thatcher said that the United States, Germany and Japan would gain more from a fall in oil prices than the United Kingdom. "We must also, in addition, keep down unit labour costs; otherwise

the Germans and the Japanese will get a bigger proportion of overseas trade than we shall."

Mr Lawson also gave a warning about the effect of rising wage costs on sterling and interest rates.

Treasury sources were saying last night that wages were increasing by 7.5 per cent a year, while productivity was increasing by only 2.5 per cent, giving a 5 per cent increase in unit labour costs. That compared with unit labour cost decreases of 1 per cent in West Germany and 3 per cent in Japan.

Nevertheless, the last week has shown that four days are a long time in politics and Mrs Thatcher has undoubtedly bounced back with renewed vigour from the Westland affair. The British Leyland turn-around, and last weekend's spate of ministerial jockeying for rank and file backing.

In a clear signal to Conservative MPs who have been dismayed by recent doubts cast on her leadership, she said in a written Commons reply last night: "We are well on course but there is much left to do. I am fully confident that we will carry forward our policies to a lasting and successful conclusion."

The message at Westminster last night was that the Prime Minister had seen off her Conservative critics and that she would, indeed, be seeking another five years in office.

Heseltine fear over leadership chances

By Philip Webster, Political Reporter

Mr Michael Heseltine admitted yesterday that his resignation from the Cabinet and the troubles caused for the Government by the Westland affair could have cost him the future leadership of the Conservative Party.

He said: "I knew that he who wields the knife never wears the crown."

But he made clear, in an interview with New Society magazine, that the leadership remains his ambition.

Speaking of the circumstances surrounding his departure from government, the former Secretary of State for Defence said: "If the cards go your way, good luck. If they don't, at least you've done something worthwhile."

Mr Heseltine disclosed that he intends to make a series of speeches over the next few months defining his brand of Toryism.

His speech to the Young Conservatives' conference on Sunday was seen as the opening of his bid for the leadership.

Other speeches will cover unemployment, the inner cities, government and industry, Britain in Europe and the role and responsibility of capitalism.

He made clear his total disenchantment with some aspects of government, particularly the failure to invest more in manufacturing industry. "We've blown North Sea oil; we've sold the assets. We are a society too anxious to consume and an economy too reluctant to invest," he said.

When it was put to him that he might be a standard-bearer for a post-Thatcherite, more centrist Conservative Party, he said: "In politics all pendulums swing back."

He made clear that he was in favour of more interventionism, opposed to laissez faire and free trade. "That was when we were trading with a protected empire; no other country now believes in it."

Inquiry urged into Westland shares

By Patience Wheatcroft

Controversy is mounting over the identity of the six nominee shareholders in the Westland helicopter company which were voted in favour of the link with Sikorsky and Fiat.

Mr David Horne, adviser to the rival European consortium, said yesterday that he would ask the Takeover Panel to investigate whether these holdings amounted to a concert party. If so, the Panel should insist that Sikorsky-Fiat make a fullscale takeover bid for Westland at a minimum price of 150p a share.

The Westland share price slipped from 108p to 78p yesterday, although the right to subscribe for new shares in the reconstruction is worth another 20p.

Analysts believe the shares could fall further. Only a few days ago Westland's broker Rowe & Pitman was paying a 150p a share on behalf of the nominee holdings. The European consortium's abortive tender offer was pitched at 130p.

Mr Alan Bristow, who has built up the largest single shareholding in Westland as part of his campaign to defeat the board's proposals, paid at 150p a share for large tranches of his 17 per cent holding.

He has more than £10 million of his personal fortune tied up in Westland but if he is to preserve the proportion of

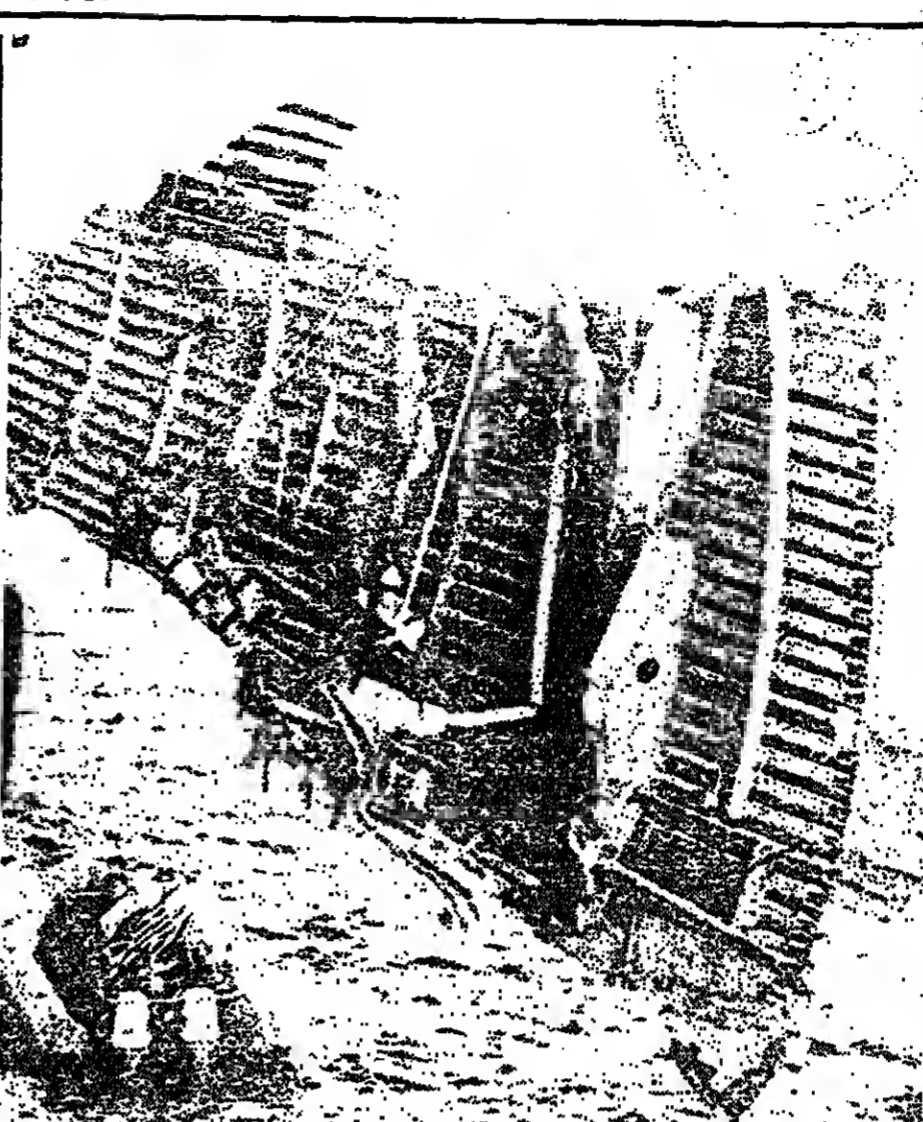
the company he now controls he will also have to pay several million pounds more to take up the rights issue.

The Stock Exchange is now continuing its inquiry into the frantic dealing which took place in Westland shares in the run-up to Wednesday's crucial meeting and which resulted in six nominee holdings accounting for more than 20 per cent of the company.

The department of Trade said yesterday that if the Stock Exchange, or any interested party, produced evidence that there may have been a concert party at work, the department would investigate and could launch a prosecution.

Mr Michael Baughan of Lazard Brothers, the merchant bank which advises the Westland board, said last night: "We are as keen as anyone to find out who these mystery shareholders are."

Takeover Panel rules insist that if a company, or others acting in concert, acquire more than 30 per cent of a company, then they must bid for the rest at the highest price. This means that if the nominee shareholders could be shown to have been acting in concert either with Hanson Trust, the largest supporter of the board with just under 15 per cent, or with Sikorsky, which has just under 10 per cent, they would be obliged to bid.



Coastguards preparing to hoist a portion of a cargo door from the ill-fated Challenger space shuttle, which exploded soon after launch last month killing all seven crew, on to the deck of the cutter Dallas during salvage operations off the Florida coast.

Runcie moved by Calcutta's 'angel'

By Jeremy Warner, Business Correspondent

Calcutta (AP) - The Archbishop of Canterbury, Dr Robert Runcie, yesterday credited new-born babies abandoned among city refuse and prayed for dying and destitute slum-dwellers, all of them being nursed by Mother Teresa, the Roman Catholic "Angel of the Gutters."

"I would like to kiss her feet," the Archbishop said. "Mother Teresa belongs to God, she belongs to the world."

He visited Mother Teresa's two homes, one for 72 paupers and death-bed patients, and the other for 90 babies. She told the Archbishop and his wife, Rosalind Runcie, that most of the children were rescued from rubbish bins and the mountains of filth on the pavements. Most were abandoned to die by their mothers shortly after birth in India's largest city. The infants are nursed, then given for adoption.

Archbishop Runcie, on the fifth day of his three-week official visit to India, blessed and played with the babies.

At Mother Teresa's home for the dying, he said: "You could not be other than enormously moved by the presence of God in these places. Everything here is done with uncluttered simplicity."

The Archbishop visited the two homes 10 days after the tour of the Pope, who called her a model of Christian charity. He called the home for the dying "a place of hope not despair."

Dr Runcie is making the first official visit to India by the head of the Anglican Church. India has 23 million Christians, three per cent of the population of 750 million.

Guinness faces bid setback

By Jeremy Warner, Business Correspondent

Guinness's agreed £2.2 billion takeover bid for Distillers, the Scotch whisky group, looks certain to be referred to the Monopolies and Mergers Commission.

Mr Paul Channon, the Trade and Industry Secretary, is expected to make his decision known today or on Monday.

There is still a possibility that the rival £2.3 billion offer by Argill could be sucked into the Monopolies and Mergers Commission investigation, although this would seem unlikely after Wednesday's decision to clear Hanson Trust's bid for Imperial Group but refer Imperial's separate offer for United Biscuits.

Distillers had been planning its hopes on the agreed Guinness deal being allowed to proceed. A reference of the Guinness merger proposal while allowing the hostile Argill bid to proceed would be a crushing blow to the Distillers directors since it would almost certainly guarantee the success of the Argill offer.

Distillers would find it impossible to continue with a conventional defence against Argill, having already recommended its shareholders to accept a lower offer from Guinness.

Argill believes that his bid for Distillers was unconditionally cleared by the Government and that the emergence of Guinness as a rival bidder cannot change that clearance.

There have, however, been a number of cases which tend to undermine this view. In the early 1970s, Becham's takeover bid for Glaxo was cleared only to be referred later after the emergence of Boots as a rival contender.

The Government and the Office of Fair Trading have been criticized over the inequitable treatment they meted out over the Hanson, Imperial and United Biscuits takeover tussle but have justified it by saying there was no public interest case for Hanson to answer while the alternative Imperial offer for United Biscuits raised considerable competition issues.

A merger of Guinness and Distillers would give the new group more than 35 per cent of the Scotch whisky market in Britain and more than half the industry's capacity.

Argill's merchant bank, Samuel Montagu, has meanwhile been back in the stock market strengthening its position by buying more Distillers shares.

Montagu bought a further 1 million shares on behalf of Mr James Gulliver's supermarkets group, bringing the company's holding to 10.9 million shares or 4.55 per cent of the total.

Photograph, page 7

Darkest hours in Soviet captivity

From Ian Murray, Jerusalem

Smiling and cracking jokes with his "criminal contacts", Mr Anatoly Shcharansky last night looked back on his darkest hours in the past nine years and looked forward to a new era of detente between East and West in which human rights played a significant role.

Mr Shcharansky was holding his first press conference since his release by the Soviet Union on Tuesday. The press, he said, were his criminal contacts because it was through speaking to them as a spokesman for human rights in Moscow that he had ended up in prison.

He said he had never actually been tortured by being beaten while in prison but that the physical torture was real in terms of hunger and cold. He had been put in solitary confinement for 130 successive days and during that time he received only 1,500 calories in food one day and 900 calories the next.

The cold was so intense, he said, that it was impossible to sleep because it was necessary to do exercises to keep warm.

His worst year was 1982 when he was forbidden to receive any mail from anyone and he decided that the only way to prove to the world that he was still alive was to stage a hunger strike.

"I had to face up to the fact that I would probably have to starve myself to death in order to prove I was alive," he said.

Only twice did conditions change for him. The first was at the end of 1984 when he was taken into hospital and given meat and vitamins for two months. He found out why when he was allowed a visit from his mother and brother at the point when he was beginning to look well again. Immediately after he saw them he was sent back to the near-starvation regime.

The second time was just over a month ago when he was fattened up before his release. "The tradition of the Soviet system when it produces goods for export is to put them in much better covers," he said.

Mr Shcharansky said he was optimistic that the release of other Soviet Jews could be won.

"Now there exists a real opportunity to build a new detente, which combines human rights with other spheres," he said.

Mr Shcharansky had just passed the series of medical tests which showed that he has only got a very slight heart problem after all his ordeals. He has been advised to rest and take it easy for a few months before becoming too active again, but at his press conference he seemed determined to throw himself as soon as possible into the work for Soviet Jewry.

Photograph, page 7

Philippines tension rises

From David Watts, Manila

President Marcos appealed for calm in the Philippines last night as tension rose with the final tabulation of election results by Parliament.

"In a situation such as we are in now it is important that one side take the first step to make conciliation possible," he said. The President could not, however, resist the temptation to blame the Opposition for much of the campaign violence.

He said he was willing to meet Mrs Corason Aquino,

his election opponent, at the suggestion of the church, if it would help to prevent disturbances. The possibility of violent clashes has risen since Parliament started to compile the official tally, which will result in the declaration of the new President. Last night it showed President Marcos leading by more than 850,000 votes.

Mrs Aquino responded swiftly with a demand that Parliament should hold a "genuinely independent investigation" of the election fraud. Suspecting that this was beyond the body's capabilities she suggested a wider political exercise should be held.

Mrs Aquino went to Manila airport during the afternoon to meet the body of Mr Evelio Javier, a leading supporter murdered this week, which was brought back from Antique. Today the coffin will be carried in a people's march through the centre of Manila.

Aquino campaign, page 8

Pik Botha in talks on Namibia

From Alan McGregor, Geneva

The South African Foreign Minister, Mr R.F. "Pik" Botha, had a second meeting yesterday with Mr Chester Crocker, US Assistant Secretary of State for African Affairs.

Altogether, they had about six hours of talks over two days, giving much attention to Namibia as well as reforms in South Africa.

Officials would not comment on how far they got on Namibia, but there is believed to have been movement, with the Americans pressing for compliance with UN resolutions opening the way to full statehood. No hint was given as to what was said on Mr Nelson Mandela. Speculation has centred on the possibility of his being freed in exchange for a South African officer held in Angola.

Background, page 8

Russian hotels lock out the nosey key-ladies

From Christopher Walker, Moscow

The latest institution to fall under the streamlining axe of the new Kremlin leadership led by Mikhail Gorbachev is that of the dezharnye, the all-seeing key-ladies who enjoyed pride of place on each floor of every Soviet hotel and acted as unofficial moral guardians.

The latest edition of the Literaturnaya Gazeta (Literary Gazette), the weekly paper of the writers' union, reports the success of a 19-year campaign against this unique Soviet custom with a decree from the Ministry of Housing and Communal Services in the Russian Federation (the larg-

est of the USSR's 15 republics) abolishing the job from January 1.

In future, in most hotels large and small where the nosey (but often bribable) key-ladies held sway, a Western-style system will be introduced with keys collected and returned from a front-hall desk.

Officially, her job is only to give guests the key to their rooms, but at the vital moment the key-lady is somehow never there, the paper reported.

On the other hand, she is always very much in evidence when she wants to move you to another room, or to search under the bed or in the cupboards for unwelcome

guests. She long ago took on the added authority of a guardian of morals.

Long resented by Soviet and foreign guests alike, the dezharnye (literally "the duty ladies") were seen by outsiders as a symbol of the authoritarian nature of Soviet society and its tendency to encourage spying.

They were also costly, which is the main reason for their abolition at a time when the Kremlin is running a drive against inefficiency.

Though the decree has so far been introduced only in the Russian Federation - which embraces both Moscow and Leningrad - Soviet sources

Advertisement for LACOCCA AN AUTOBIOGRAPHY by LEE IACOCCA WITH WILLIAM NOVAK. The outspoken memoirs of a living American legend - the saviour of Chrysler and a man urged by many to run for President. Includes a photo of Lee Iacocca.

Doctors clash over use of drugs to control prisoners

By Stephen Goodwin, Political Staff

Conflict among doctors over the use of drugs in Britain's jails to keep prisoners calm is highlighted in evidence to a House of Commons select committee.

A report to the committee says the administering of behaviour modifying drugs is "the most notorious instance of the blurred dividing line between care and control in prison medicine".

MPs on the social services committee are investigating the prison medical service and their latest evidence comes from pressure groups including the National Prisoners' Movement (PROP) and Radical Alternatives to Prison (RAP).

The reformists say the prison medical service in its present form creates a conflict between the loyalty of medical officers to the prison management and their duties to patients.

"The use of drugs in prison, the general health care of prisoners, prevention of suicides and preparation of medical reports, are all affected by this fundamental structural flaw", their evidence says.

PROP, RAP and a third organization concerned with deaths in custody called in-

their claim with detailed statistics. But the approach of particular doctors varied from a liberal use of drugs to those who prescribe "a good workout in the gym".

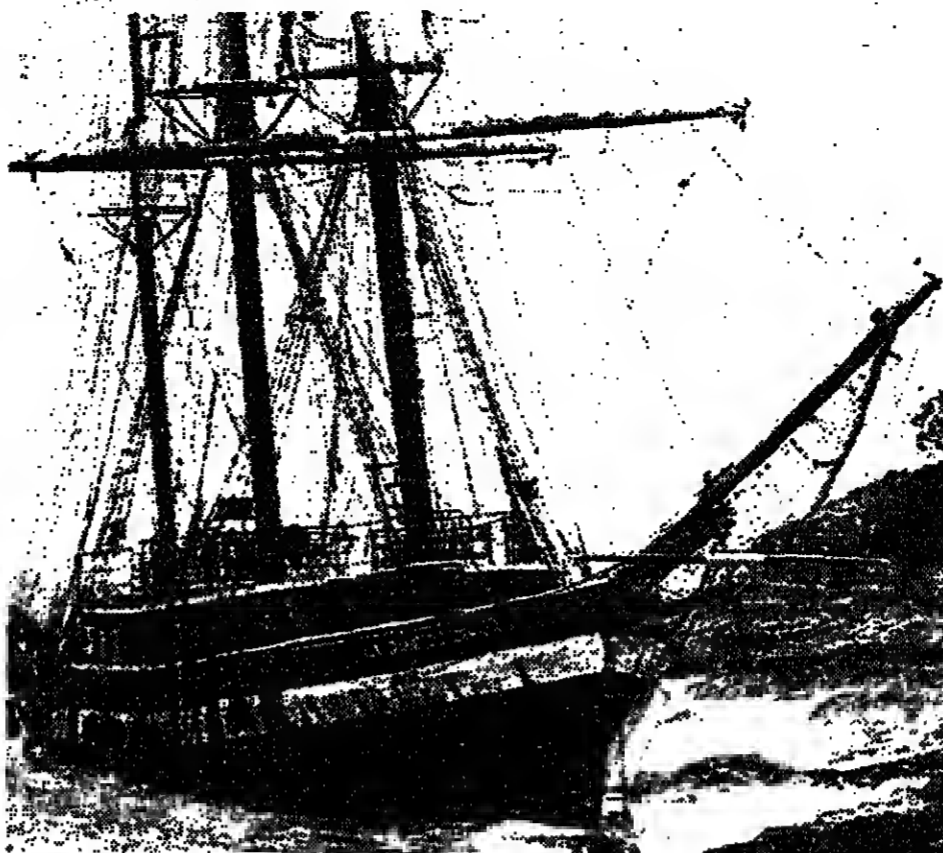
Wandsworth is said to prescribe five times as many drugs a prisoner as Lincoln, although both are overcrowded local prisons for men.

Prison officers at Thorp Arch remand centre, near Wetherby, West Yorkshire, have voted to take industrial action over a decision they say will move rapists and murderers to their establishment.

The move is aimed at relieving overcrowding at Arnsley jail in Leeds, but prison officers at Thorp Arch claim it is unsuitable for the purpose.

The proposal is to change the role of the Thorp Arch young prisoners' remand centre to that of a category "C" adult prison. Juvenile prisoners will be transferred to Hull and Leeds.

A Home Office spokesman said: "It is rubbish to suggest that Thorp Arch will become a centre for murderers and rapists. It will, in fact, become a prison for Category C offenders who are the least difficult inmates in closed prisons."



The three-masted schooner La Dame de Serk, which broke her moorings in a force nine gale yesterday and drifted on to rocks under St Mawes castle in Cornwall. There was no one on board. The schooner, built 30 years ago as a training vessel for the French Navy and bought last year by a Worcestershire businessman, was in the harbour for maintenance. Salvage vessels were planning to try to refloat her at high tide last night.

FitzGerald shuffles Cabinet to halt slide in popularity

By Richard Ford

Nine Cabinet ministers in the Irish Republic switched jobs last night in a reshuffle aimed at restoring the popularity of the coalition government.

The scope of the changes announced by Dr Garret FitzGerald, the Prime Minister, after a day of feverish speculation and rumour in the Dail, took politicians of all parties by surprise.

They had expected the changes to involve a few ministers, but with the Fine Gael-Labour coalition at its lowest level of popularity since coming to office three years ago, Dr FitzGerald has taken drastic measures to restore its fortunes in time for a general election which must be held before November 1987.

The main change is the removal of Mr Alan Dukes from the Ministry of Finance, after four hair-shirt budgets, to be replaced by Mr John Bruton, a tough believer in right-wing economics, who as Minister for Finance introduced the Budget which brought down Dr FitzGerald's first government in 1982.

Mr Dukes takes over at the Ministry for Justice and in his new job will be closely in-

The new Cabinet

Commerce: Mr Michael Noonan (Justice)
 Minister for Finance: Mr John Bruton (Industry and Commerce)
 Minister for Social Welfare: Mrs Gemma Hussey (Education)
 Minister for Justice: Mr Alan Dukes (Finance)
 Minister for Gaeltacht, Fisheries, Forestry and Tourism: Mr Liam Kavanagh (Environment)
 Minister for Defence: Mr Patrick O'Toole (Gaeltacht)
 Minister for Labour and Public Service: Mr Ruairi Quinn (Labour)

involved in the Anglo-Irish agreement and its efforts to improve border security, and increase the confidence of the Northern minority in the province's judicial system and security forces.

His predecessor, Mr Michael Noonan, takes over from Mr Bruton at the Ministry of Industry and Commerce after three years at the justice ministry dealing with terrorism, a drugs epidemic and a growing crime wave in the cities.

The only woman in the Cabinet, Mrs Gemma Hussey, is demoted from the Ministry of Education where she has been involved in an acrimonious dispute with teachers over pay, to take over at social welfare.

The social welfare function is taken from Mr Barry Desmond, who retains the health portfolio but is understood to have spent part of yesterday resisting Dr FitzGerald's efforts to move him to another post.

The new Minister for Defence is Mr Paddy O'Toole, who takes over from Mr Michael Noonan, who is promoted to education. Mr O'Toole's job as Minister for the Gaeltacht is taken by Mr Liam Kavanagh, previously Minister for the Environment.

Three junior ministers lost their jobs in the reshuffle, allowing Dr FitzGerald to introduce two younger members, including a woman, into the Government.

Women bemoan lack of romance

Britain's women are wondering where all the Romances have gone, according to the latest Valentine Poll by Gallup.

In spite of the occasional candlelit dinner, red roses and Valentine's Day promises, one in three women feel the romance in their lives is missing.

Although the survey of 1,181 people found that 82 per cent of men who have wives or girlfriends believe their partners are romantic, only 64 per cent of women could say the same about their men.

Women in the North of England are most dissatisfied; a third said their partners were not passionate.

But romance seems to be flourishing in Scotland, where fewer than a quarter of Scots admitted that their partners could be more romantic.

The word "romance" itself represented different things to many people, the survey found.

Nearly a quarter (23 per cent) of men and women mentioned love, and 18 per cent wanted companionship and understanding.

Women with more materialistic concepts wanted intimate dinners and red roses, chocolates and other gifts, to dress up the romance in their lives.

Only 1 per cent of men and women said Valentine's Day brought more romance. Nearly 47 per cent believe people have become less romantic and only 18 per cent said their romantic stakes had increased.

Another Valentine survey, conducted by MORI, found that Terry Wogan was the man most women would like to spend St Valentine's Day with, while the model Samantha Fox was the men's ideal choice.

Gallup Valentine Poll (Social Surveys (Gallup Poll) Ltd, 202 Finchley Road, London NW3 6BL). Messages, pages 12 and 13

Scientists find link to senile dementia

By Thomson Prentice Science Correspondent

A form of the "silent epidemic" of senile dementia, affecting more than 250,000 people in Britain, is firmly linked with exposure to high levels of aluminium, scientists say in a report published today.

Reducing the levels of soluble aluminium which occur in water and certain foods could be the best long-term strategy for controlling the spread of the condition, they suggest.

The widespread brain disorder, known as Alzheimer's disease, causes memory loss and personality breakdown in old age.

The evidence implicating aluminium as an agent in Alzheimer's disease is published in *The Lancet* today by scientists in Newcastle and Cambridge.

They have shown that high levels of aluminium, combined with silicon, are present at the centre of senile plaques—minute areas of brain damage which occur in vast numbers throughout the brains of patients with this disorder.

It is the first time that this aluminium "sand" has been found in the nervous system. But the scientists stress that the changes which occur in Alzheimer's disease are not due simply to exposure of high levels of aluminium.

Professor James Edgewood, director of the Medical Research Council's neuroendocrinology unit in Newcastle upon Tyne, says aluminium is present in drinking water in many areas of Britain. The places with the highest concentrations of the metal are now being located, he says.

Lifesaving precision parachute

By Thomson Prentice

A remote controlled parachute which can be steered to a precise landing spot could revolutionize rescue operations and save many lives.

The parachute, invented in a Hampshire attic, can deliver payloads of up to 500kg from up to 25,000 feet. It can be steered by ground control, ground transmitter, or by a parachutist using hand controls. The system has been developed by a former Army officer and electronics expert, Mr Ken Mackley, at his home in Andover, Hampshire.

British Airborne Systems and Equipment has been set up to make the parachutes in Hampshire. The former chief test pilot of Concorde, Mr Brian Trushaw, a consultant, said yesterday: "The system is the most significant step forward in design since the invention of the parachute."

SDI briefing for British groups

By Rodney Cowton, Defence Correspondent

About 100 British companies and other organizations are to receive a top-level classified briefing next Tuesday on the scope for British participation in the American Strategic Defence Initiative research programme.

This is among the first fruits of the memorandum of understanding between Britain and the United States on British participation which was signed in December.

Lieutenant-General James Abrahamson, director of the American SDI Office, will address the conference.

Ministry of Defence sources said that so far up to 10 agreements had been reached worth more than £1 million for work by British organizations on aspects of the research programme.

It was emphasized that these were only preliminary contracts which could lead to contracts of much greater value.

Among the contracts so far agreed, on which the Ministry of Defence refuses to release details, are one for work on optical computers with Heriot-Watt University at Edinburgh, and contracts involving Ferranti and Plessey. Another worth \$2 million (£1.4 million) was said to be "on its way" across the Atlantic.

A previously unrevealed aspect of the memorandum of understanding is that it specifies seven broad areas of activity in the SDI programme to which there will be an exchange of information between the two countries.

These include advanced computing; space technology; lasers and optics; battlefield management and command, control and communications systems; and special materials.

Give more to charity, Princess tells firms

Princess Anne yesterday rebuked British industry and commerce over the amount they gave to the Save the Children Fund, last year.

The Princess, who is president of the fund, told a meeting of the Royal Institute of International Affairs that she was aware of the many calls on industry and commerce to support good causes.

But the 3.6 per cent which business contributed to the fund's income was "not a lot".

Princess Anne said the fund's income last year - £42.5 million - was a big increase on previous years.

The Princess said: "We must all try to become aware of belonging to a worldwide community, both in the business and personal sense.

"So many of the problems we suffer from are shared, and because we are at different levels of development should not stop us from relating to and communicating with, and helping those who have not attained the same level of development."

The Princess went to receive a cheque for £150,000, for a children's hospital in Khartoum, raised by the Westminster Christmas Appeal Trust.

£30,000 Russian album

By Geraldine Norman Sale Room Correspondent

An album of informal family photographs of the Russian Imperial family before the revolution was sold at Sotheby's yesterday for £30,800 (estimate £10,000-£15,000) to an unnamed private collector. It was compiled between 1904 and 1905 by the Grand Duchess Xenia Alexandrovna, Tsar Nicholas's sister, and comprises 47 pages with about 1,000 photographs.

All the Russian Imperial family were keen amateur photographers, notably the Dowager Empress Maria Feodorovna, the sister of our own Queen Alexandra, another keen photographer. The Dowager Empress is shown with a camera in several of the pictures. The pictures are charmingly informal and the palaces by no means grandiose. The overall impression is of a simple family, enjoying the simple pleasures of family life.

Two particularly striking photographs show grand occasions from the rear. In one the Dowager Empress is seen in the foreground, a stout little figure holding an umbrella, while an apparently endless line of troops that she is about to review stretches in the distance.

In another the Tsar himself is seen from behind on horseback blessing his troops with an icon.

The Dowager Empress and the Grand Duchess Xenia were holidaying in the Crimea when the revolution started and escaped on board a British battleship.

They believe that the album was given to a lady-in-waiting who brought it out of Russia. Sotheby's, however, think it more likely that it was among the considerable quantity of Imperial possessions sold by the Soviets in the 1930s.

Franklin's best, page 3
 Sale room, page 18



The Grand Duchess Xenia Alexandrovna's sister, Olga, clutching her skirt while paddling in a river.

Bequest to aid writers

By Patricia Clough

Young authors struggling to explain the complexities of modern life have found a friend in an elderly woman from Shropshire who kept bees.

Miss Kathleen Blundell, an accountant, who died last October aged 71, has left about a quarter of a million pounds in her will to a trust fund to be administered by the Society of Authors, the writers' trade union.

The proceeds, she specified, are to help British authors under the age of 40 to write works "which contribute to greater understanding of social and economic organization".

Miss Blundell, who had a firm of accountants in Sutton Coldfield, lived in Pontesbury, near Shrewsbury.

Lessing award, page 5
 Other wills, page 18

Militant inquiry 'a Star Chamber'

Five supporters of Liverpool's left-wing district Labour Party yesterday described a national inquiry as "a Star Chamber" with an atmosphere of intimidation.

The five women, all asked to give evidence, joined the final sessions of the national Labour Party inquiry into the suspended district party's conduct. Three gave evidence but two pulled out, and all withdrew further co-operation.

Miss Josie Aitman claimed that a "hit list" had been drawn up of about 20 Militant supporters earmarked for expulsion, and that all five of them were on it.

Miss Aitman, a member of the district party executive and a Militant supporter, said: "The main line of the inquiry has been to establish who supports the Militants.

"Clearly, the intention is to move the expulsion of leading Militant supporters.

"They were told by letter that evidence would be presented to them - instead, they were given only unsubstantiated allegations and lies."

Miss Cathy Wilson, another of those who gave evidence, said: "I felt embarrassed and intimidated."

The inquiry team is expected to report to the national executive committee on February 26.

Heseltine role criticized Westland relief is mixed with fear

From Tim Jones, Yeovil

We could not see how the Germans and French could help us when they have got their own men on short-time working."

His colleague, Mr David Spencer, who has worked 14 years with the company, said: "We are all glad it is going to Sikorsky. We have worked with the Yanks for years and think this was the best possible outcome."

Some of the men, working on the huge shop floor with great half-built Sea King helicopters dwarf the smaller frames of Gazelles and other types, were eager to talk but reluctant to be named as the company will next month announce the names of 750 employees who are to lose their jobs.

One employee with 16 years of service said: "I have children, a mortgage and all the other commitments. I feel happier today than I have done for some time. But I fear there will be more redundancies in order to make the company viable."

One positive way to elicit shop-floor comment is to mention the name of Mr Michael Heseltine, former Secretary of State for Defence. The epithets are unprintable.

Even at executive level, it is clear that there was no great admiration for the French way of doing things. A company spokesman said that although they collaborated with Aerospatiale on three helicopters, often when chasing orders that company would be pushing the merits of an exclusively French-built machine.

Mr Stephen Allen, aged 32, said: "There is a feeling of relief certainly but we do not really know how the Sikorsky-Fiat deal is going to affect us. We backed the board because

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Typical shop-lifter is said to be young man

By Craig Seton

The popular image of a typical shop-lifter being a confused, elderly woman is probably wrong, a new survey shows. The modern shop thief is more likely to be a young man, whose main target is clothes.

The survey, conducted in an unidentified city by Mr Robert Munday, a prosecuting solicitor with West Midlands County Council, demonstrates a shift in trends since 1960, when research showed twice as many women as men shop-lifting.

Mr Munday examined 277 shop-lifting cases and found that 172 involved men and 105 women. Most were aged under 21 and clothing was ahead of food, alcohol, cosmetics and records on a typical shop-lifter's list.

Mr Munday said the decision to prosecute shoplifters should not be taken lightly because the effects could frequently outweigh the harm caused by the original offence.

Conviction could cause loss of job, depression, the breakdown of a relationship and the identification of the convicted person as a thief.

Mr Munday's report says: "Informed, intelligent and effective decision-making will require Crown prosecutors to acquire a knowledge of the patterns of local crime and some insight into the motivation of offenders."

Among the case histories quoted by Mr Munday was that of a man aged 51 who stole alcohol worth £2.79. He told police that he had a drink problem and that his daughter aged 14 had died four days before.

Social worker not guilty of seducing boy

Lynda Swindell, a social worker, aged 29, was found not guilty at Cardiff Crown Court yesterday of indecent assault.

It was alleged that she had sexual intercourse with a boy, aged 14, who was under her supervision after a court appearance for burglary.

The boy had been staying at her home in Wycliff Road, Canton, Cardiff, to help with painting and decorating work for which she paid him £5.

Miss Swindell, who did not give evidence, denied the allegation. She had already been dismissed from her post by Gwent County Council.

During the trial, the jury was shown video tapes of naked boys in the bathroom.

After the verdict, a spokesman for Gwent County Council said: "Our decision to dismiss Miss Swindell stands."

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NHS 'giving better value' after £105m efficiency savings

By Richard Evans

The National Health Service was praised yesterday for achieving better value for its £10.5 billion a year budget.

In 1984/85, cost improvements aimed at releasing cash for manpower without affecting services amounted to £105.2 million. This year, health authorities aim for efficiency savings of more than £153 million.

Sir Gordon Downey, Comptroller and Auditor General, said in a report on value-for-money developments in the NHS presented to Parliament yesterday: "The first round of cost improvement programmes has produced a significant step forward in the search for efficiency in the hospital service."

But after an investigation by the National Audit Office covering four regional health authorities and 11 district health authorities he noted that not all avenues for further cost improvements have been explored.

"It seems likely that larger savings could be achieved if all authorities tackled the search for cost improvements with equal vigour."

He highlighted how Oxford Regional Health Authority expected to save only £20,000 from energy conservation this year, while others, including West Midlands and Yorkshire, planned to save more than £500,000.

Similarly, while most regions planned to save between £150,000 and £2.5 million on supplies, the East Anglian region expected to save £8,000.

Sir Gordon also discovered that the level of cost improvements varied significantly between both districts and regions. "Well defined procedures have not been established in all authorities."

He said that his inquiry had demonstrated the need for further improvements in procedures by health authorities "if the potential for achieving even greater value for money in the provision of services to patients in the NHS is to be realized."

He suggested that individual health authorities should actively seek information about, and maintain records on, good value for money achieved elsewhere.

Franklin bust found in Yorkshire

By Geraldine Norman
Sale Room Correspondent

An unknown marble portrait bust of Benjamin Franklin, the American statesman, scientist and philosopher, has come to light in the home of a Yorkshire imkeeper.

Mr Patrick Crawley runs the Carpenters Arms at Felkirk, near Thirsk. He was given "Benjamin" as the statue is known by the family, when he was aged eight by an old neighbour in Nottinghamshire.

That was 31 years ago. Now it is to be sold at Christie's which has set a conservative estimate of £150,000 on the bust. Once the Americans get bidding, it will probably sell for a good deal more.

The bust is the work of John Michael Rysbrack, one of the most distinguished sculptors working in Britain in the 18th century, and dates from the end of his career.

Franklin was in Britain from 1757 to 1762, representing Pennsylvania and other colonies as agent in London.

It is the earliest known portrait bust of Franklin.

Sale room, page 18



Mr Crawley with the previously unknown bust of Benjamin Franklin he is selling. (Photograph: Tim Bishop)

Russian textbook shortage 'scandal'

By Lucy Hodges
Education Correspondent

Students of Russian, studying at school or university, are faced with a scandalous shortage of good Russian text books, according to a survey in today's *Times Educational Supplement*.

There is almost nothing to compare with the lively materials available for students of French, and the shortage exacerbates the waning of Russian School teachers are stuck with a few traditional stalwarts such as the *Penguin Russian Course*, dated, dull and steeply graded.

In universities and polytechnics, lecturers have to train a large proportion of Russian students from scratch to make up for the severe shortage of emigrants with O or A level. Mr Nicholas Brown, a lecturer in Russian at the School of Slavonic and East European Studies at London University, says:

A survey of 22 universities and polytechnics where Russian is taught from scratch has revealed that the most widely used book is the *Penguin Russian Course*, used at 12 of the institutions surveyed, and published in 1955. Beyond beginners' level, up to A level and beyond, there has never been much available, Mr Brown says.

Educational publishers attribute the dearth of good Russian texts to inadequate demand, which Mr Brown denies.

The second most popular text in universities and polytechnics is *Russkiy yazyk dlya (Russian for Everybody)*, a Russian publication which sells more than 700 copies a year. "There is obviously more demand than publishers recognize", Mr Brown says.

Meanwhile, many teachers rely on their own materials. "Such individual enterprise has always been a feature of the Russian-teaching business."

Jail for occult killing

A young mother obsessed by the occult, who admitted the culpable homicide of her baby daughter, was sentenced to five years' jail at the High Court in Edinburgh yesterday.

Last month, after a nine-day trial at the High Court in Glasgow, her boy friend, Alan Porter, aged 28, was convicted of strangling the child, aged three months, at Balloch Castle Country Park in 1983.

He was jailed for life for the murder, but the baby's body was never found.

The mother, Sheena McLaughlan, aged 23, pleaded guilty to a reduced charge of culpable homicide, when the Crown accepted that she was suffering from diminished responsibility.

The jury was told that her life was ruled by "spirit guides", "Theban monks" in saffron robes, and tarot cards. She told doctors her spirit guide said the baby had to die.

Inner-city homes drive announced

By Richard Thomson

The Halifax, Britain's largest building society, yesterday announced a new commitment to develop decaying inner-city housing as soon as legislation now going through Parliament allows it to do so.

Mr Richard Hornby, the chairman, said the Halifax would set up a subsidiary company to own land and lead the development. He said that the society planned to fund an annual programme rising to about £100 million by the end of the decade.

By 1990 the scheme could be producing more than 3,000 homes a year. Mr Hornby said that the new company would normally use a "design and build" approach using large or medium-sized builders, with project management handled by hired specialists.

Mr Hornby added that he believed building societies would have an advantage as developers in inner city areas because they were non-political and had the confidence of local councils, unlike some large commercial developers.

The housing built by the Halifax's new company would be partly for rent and partly for sale. The society already has a scheme to finance housing developments, which has so far produced more than 1,500 new homes.

Mr Hornby criticized the decay of inner cities, which he said was bad and getting worse. He added: "Urban renewal cannot simply be left to the marketplace, and if market forces alone will not solve the problem there can be no question of Government trying to hand over entirely to the private sector. Neither the Government nor the private sector alone can solve the problem."

Move to calm racial tension at school

By Peter Davenport

Education officials in Liverpool yesterday moved to calm tensions at a comprehensive school where some senior pupils walked out alleging racial discrimination against white children.

Mr Kenneth Antcliffe, the director of education, denied there were any serious racial undertones to the incident but admitted that efforts to ensure harmony between black and white children at the newly-amalgamated school had "backfired".

"We have to take the process of creating racial harmony a little more sensitively. There does seem to be a fairly volatile situation," he said.

"What parents and children told me certainly disturbed me but it is only 10 youngsters out of nearly 1,000 pupils. We will take every step that we can to ensure that it does not happen again."

Mr Antcliffe said that the trouble had begun with a dispute between two boys over a girl. Although it had involved black and white youngsters it was not a racial issue.

Yesterday the 10 fifth-form white pupils at the University Community Comprehensive were taking lessons in a library on the campus. Education department officials said that if they persisted with their complaints about feeling threatened they would be moved to other schools.

The pupils claimed there was "one rule for whites and another for blacks". They alleged that among new rules were instructions that a black-board must be called a chalk-board, that discos became reggae parties, that the school held two minutes silence for a man hanged in South Africa, and that library books had been racially censored.

The school was formed by the amalgamation of three schools in a big reorganization in the city last September. There are about 140 black children at the school.

The 10 pupils met education officials, governors and members of the local community relations council to voice their concerns and to ask for reassurances about their safety.

Moor chase charge

John Ashley Edwards, aged 25, of St Jude's, Plymouth, was remanded in custody yesterday when he appeared before Tavistock magistrates, charged with assault and intent to rob a woman, after a helicopter and car chase across Dartmoor on Wednesday.

Husband had to sleep in car

By a Staff Reporter

Mr Jack Mounsey, a senior manager, was dominated in his £100,000 home by his wife, Maureen, who sometimes made him sleep in the car.

Mrs Mounsey, aged 54, a teacher, took the view that he was "really a working-class boy who had made good and should be kept in his place", a divorce judge said yesterday.

For Mr Mounsey, aged 56, Northern England district manager for Ford, being kept in his place meant being locked out on occasions; sleeping on the living room couch; never being allowed to use an upstairs bathroom or lavatory and not being cooked for.

Despite all that, when he returned to his home at Chelmsford, Essex, for the weekend after working all week from his base in Harrogate, North Yorkshire, the first thing he would do on Saturday mornings was take his wife tea and toast in bed, Mr Justice Waterhouse said in the Family Division in London.

He awarded Mr Mounsey, now of Elmwood Street, Harrogate, a divorce on the ground that he could no longer be expected to tolerate his wife's behaviour.

The judge said it was a sad case of a husband who became "a mere visitor to his own household".

The marriage started to go downhill and the couple had not had sexual intercourse since 1979, the judge said.

Mrs Mounsey denied the allegations and contended that the 35-year marriage had not broken down.

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Leading the way to the USA

Sinclair claims £8m in orders for computer

A microchip which can play music is one of the novel features of the latest computer from the Sinclair stable, which the company claims has attracted £8 million of re-launch orders.

The ZX Spectrum 128 is an enhanced version of the successful Spectrum Plus. It will be made by Times. It was developed under contract to Sinclair Research and is available from retailers at £179.99.

According to Sir Clive Sinclair, founder of the computer company, the financial problems experienced by his group last year are now over, and about £10 million of a £15 million debt has been repaid to his principal creditors, Thorn-EMI, Timex and AB Electronics, manufacturers of Sinclair products, along with Citibank and Barclays, the company's bankers.

Sinclair Research believes that the future of home computing is rooted in entertainment and the success of the new machine depends on that strategy. A recent Gallup survey disclosed that 62 per cent of home computers are now used for games, an increase of nearly 20 per cent in two years.

The new machine, however, is also meant to attract small business users. Later this year a portable machine, the Pandora, is to be launched in Britain, aimed mainly at businesses and drawing on that-screen television technology.

BR moves to compete on food

British Rail is planning a reorganization of its catering, but yesterday strongly rejected suggestions that it is a move towards privatization.

BR is to separate the train buffet and restaurant service from its £60 million Travellers Fare catering business.

Private food companies already operate on some main line stations, and one of BR's aims is to enable Travellers Fare to compete more effectively.

"The existing Travellers Fare will remain very much a part of BR and there is no intention of selling it, or privatizing it", a spokesman said.

Catering on trains will come under BR's Inter-City section. Travellers Fare will continue to operate under the board led by Mr Bill Curry, managing director.

Woman shot in hospital linen room

A woman working in a laundry at Derriford Hospital, Plymouth, was shot dead on Wednesday.

A man entered the linen room of the hospital, and shot the woman, who has not been named, in the chest with a 12-bore shotgun, from close range. She was taken into surgery, but died a few minutes later.

Police have named Mr Lewis Bush, aged 70, of Dorset Green, Morden, Swindon, as the victim of a shooting at Swindon Hospital.

Pub bombers want lie test

The six men sentenced to life imprisonment for the Birmingham public house bombings in which 21 people died nearly 12 years ago have volunteered to take truth drugs and lie detector tests to prove their innocence.

Patrick Hill, Robert Hunter, Richard McKenny, William Power, John Walker and Hugh Callaghan were sentenced to 21 consecutive life sentences for the bombings at the Mulberry Bush and Tavern in the Town.

Record rise in drug cases

Serious drug offences rose by a record 248 per cent in Norfolk last year. The police said yesterday that there were 115 cases involving suppliers and producers, compared with 33 in 1984.

Crash victim wins £97,153

A man who suffered severe burns after his van collided with a car that skidded on black ice in January 1981 was awarded £97,153 damages in the High Court yesterday.

Michael Pritchett, aged 49, a removal man, of Southam, Warwickshire, was carrying a can of petrol in the van and it exploded in the crash. The damages were awarded against the other driver, Mrs Shirley Cleaver, of Leamington Spa, Warwickshire, who denied liability.

110 jumbos examined for frame cracks

At least 110 Boeing 747 jumbo jets have been examined worldwide for frame cracks after checks were ordered by the US Federal Aviation Administration.

A spokesman for the Civil Aviation Authority said yesterday that a total of 160 aircraft will be inspected.

The CAA and British Airways have also agreed to carry out more detailed checks on 16 of BA's fleet of 30 jumbos, which have completed more than 10,000 landings.

British Airways said the inspections of the front internal frames were expected to be completed by the end of March.

It takes four days to strip down the cabin interior of each of the aircraft, allowing the fuselage ribs to be examined, but the airline does not expect its services to be disrupted.

On Wednesday, BA disclosed that cracks had been found in two more of its jumbos during routine maintenance, in addition to cracks previously discovered in the front frame of another 747.

The CAA is awaiting further requirements from the American Federal Administration.

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Leading the way to the USA

PM looks forward to prudent Budget

THE ECONOMY

A cautious and prudent budget was forecast by Mrs Thatcher the Prime Minister during questions in the Commons. In addition, Mr Nigel Lawson, Chancellor of the Exchequer, conceded when he was questioned that it was quite clear the scope for fiscal manoeuvring was limited by the shortfall in North Sea oil revenues.

He indicated, however, that it would be highly desirable and beneficial for the economy and employment if the burden of taxation generally and income tax in particular could be removed.

Mrs Thatcher's comment came when Mr Michael Brown (Brighton and Hove, C) who said that if the Chancellor had any room for manoeuvre in the Budget then for people on average earnings, particularly families and pensioners, it would be better to reduce the rates of tax rather than increase tax thresholds.

Earlier some Conservative MPs had pressed the Chancellor to go instead for increased tax thresholds.

Mrs Thatcher replied: I am sure we would like to be able to have the choice. In view of the falls in oil prices that have already taken place, it would be better to have a prudent and cautious Budget. I am sure the Chancellor will take into account the choice Mr Brown has recommended when he comes to have his Budget.

Mr Lawson also said during the exchanges that the substantial loss of North Sea oil revenue as a result of the sharp fall in oil prices was not an excuse for not raising tax thresholds but a fact.

Mr Alan Beith (Berwick-upon-Tweed, L) has recovered sufficiently from the threat to his tax cutting plans to recognize that there is an

opportunity for manufacturing industry to export, so long as it is not penalized by high interest rates?

Mr Lawson: There are swings and roundabouts when oil prices fall. One of the things that suffers is the scope for reduction in taxation; one of the beneficiaries is industry, and in particular manufacturing industry, whose fuel costs are diminished.

Mr Ralph Howell (North Norfolk, C): Many Conservative MPs are becoming increasingly impatient for large tax cuts. We hope that the fall in oil prices will not be used as an excuse for not raising tax thresholds very considerably. The only way we will be able to find the elbow room for substantial tax cuts is by reducing overmanning in the public sector, particularly in local government and the health service.

Mr Lawson paid tribute to the consistent campaign he had waged over many years for the reduction of overmanning and waste in the public sector. We must have achieved a great deal but there is scope for achieving more, particularly in local government and the health service.



Brown: Better to reduce tax rates than raise tax thresholds

Mr Lawson: He is right. It is not only the policy of the Labour Opposition that we should join forces with Opec but the official policy of the SDP and the Liberal party. We have no intention whatever of joining.

Mr Peter Tapsell (Lindsey East, C): It is somewhat irrelevant how many British political parties want to join Opec since one of the qualifications is that 80 per cent of gross national income should be from oil and we have not yet reached that point.

Mr Lawson: The Opposition wish to agree with Opec in cutting back oil production which is effectively to join the cartel, although technically we would not be eligible for membership.

Labour urges debate on Wapping

THE PRESS

Mrs Margaret Thatcher the Prime Minister, congratulated The Times during Commons questioning for what she called an extremely sensible leading article that day on her achievements in office.

She had been asked by Mr John Seales (Halesowen and Stourbridge, C) who had had time to read today's excellent leader in The Times setting out her achievements and pointing out that still more needs to be done under her leadership?

Does this not show that in spite of what other newspapers and other commentators have said during the last two weeks The Times still has a clear sense of political priorities? (Laughter)

Later during questions on future business, Mr Martin O'Neill (Clackmannan, L) sought a debate on the implications of the legal actions as a result of the dispute at Wapping.

Could the Government make clear (he asked) if it was their intention under the 1980 Act that people on strike can be summarily dismissed with complete loss of privileges?

Mr John Biffen, Leader of the Commons, said he would prefer to check whether the matter was sub judice before making a more considered answer, but noted the request.

Mr Dennis Skinner (Bolsover, Lab) said it seems strange that Ministers like Mr Kenneth Clarke, the Paymaster General, could appear regularly on television and radio and discuss Mr Murdoch's sackings and Fortress Wapping, yet Parliament did not debate the whole affair because of the sub judice rule.

It is high time (he said) that this vindictive act of Murdoch, an American citizen who could not get away with what he has done in this country if it was in America, should be debated here so that the matter can be thrashed out.

Vindictive acts were being waged by employers just because workers were standing together and joining in collective action. This is OK for the bosses (he added) but not for the workers under this Government.

Mr Biffen replied that he had answered Mr O'Neill as he has because Mr O'Neill's question invited comment, and the answer might infringe the sub judice rule. He would refer the request for a wider debate on Murdoch's newspapers to Mr Paul Channon, Secretary of State for Trade and Industry.

Mr Biffen said it is an opportunity but it has other adverse effects on this country which it does not have on competitors such as the United States, Japan and Germany.

The fall in oil prices will gain more from a fall in oil prices than we shall but undoubtedly it will be helpful to our manufacturing industries it will reduce their costs.

Unit labour costs must be kept down otherwise the Germans and Japanese will get a higher proportion of overseas trade than we shall.

Dr Onagh McDonald (Thurrock, Lab) Does the Prime Minister agree with Mr Francis Pym, one of her former Cabinet colleagues that in terms of curing unemployment her policy is not working?

Mrs Thatcher: Had there been the policies put forward by the opposition and carried into effect, unemployment would be infinitely worse than it is.

Parliament today Commons (9.30): Surcharge and Abolition of Councilors (Abolition) Bill second reading and other private Members' Bills.

Lawson resists call for economic summit meeting

INTEREST RATES

Pressure on interest rates would be very much less if wage increases were lower, Mr Nigel Lawson, Chancellor of the Exchequer, said during Commons questions.

Mr Ian Trigglesworth (Stockton South, SDP) urged the Chancellor to respond positively to President Reagan's initiative in calling for international monetary reform. Would Mr Lawson cooperate with the United States Administration in seeking to bring interest rates down and to get more stable exchange rates?

Mr Lawson replied: I did notice the passage in President Reagan's State of the Union address in which he asked the US Treasury Secretary to see whether it would be a good idea to hold an international monetary conference.

I think there are great dangers in holding an international monetary conference when you do not know what proposals you are going to put to that conference. But if there are ways of building on the plaza agreement in which we can inject a high degree of stability into the exchange market then I would welcome it.

Mr Thomas Sackville (Bolton West, C): There is a widespread desire for lower interest rates and a lack of public understanding as to why interest rates remain so high.

Mr Lawson: Everybody would like to see lower interest rates, except those who are savers and depositors in building societies and banks. It is a great deal better to get the real interest rate reduced than to be cheated of their savings as they were under the Labour Government when there was a negative rate of return.

Mr James Lawson (Oldham Central and Royton, Lab) Are there any lines of communication between the Treasury, the Department of Employment

and the Department of Trade and Industry? We are facing increasing unemployment all the time, including a very large increase last month, especially in areas like the north west which are dependent on manufacturing industry. He lives in a complacent world.

Mr Lawson: The Government is one harmonious whole. (Labour laughter and interruptions.) Unemployment is not a matter for complacency but concern and that is why the Government has taken a very large number of measures in order to address this problem directly.

In my Budget last year I restructured national insurance contributions for employees and employers for the lowest paid. That only came in four months ago and it has not had time to have its full effect. I also announced the two year Youth Training Scheme and that will not come into force until April when I believe it will have a very beneficial effect.

Mr Timothy Yeo (Suffolk South, C): An absolute precondition for lower interest rates is a sustained low rate of inflation and if the rate of inflation falls to 3 per cent in the course of this year there will be a very good prospect of reducing interest rates in contrast to the policies of Labour and the Alliance would have.

Mr Lawson: He is right. The policies the Opposition propose would mean an extra £24 billion on public expenditure, which would cause a substantial increase in taxation and a VAT rate of 41 per cent and would be highly inflationary and would certainly mean higher interest rates.

There is a concern in the markets that our unit labour costs are rising faster than in other countries and we may be performing less competitively and that puts pressure on the pound and requires interest rates to be higher than they otherwise would be.

STANSTED

Viscount Whitelaw, Lord President of the Council and Leader of the House of Lords, has agreed to look into an accusation that the Government has been inaccurate in information to the House of Lords in response to oral and written questions on Stansted Airport.

The issue was raised by Lady Burton of Coventry (SDP) during a question time in the House of Lords when she asked the Earl of Calthorpe, Under Secretary of State for Transport, about the airport.

Lady Burton of Coventry: The minister inadvertently misled the House on January 16 when he said the passenger throughput at Stansted was one million whereas the number is half that, 513,000 to be exact.

I am extremely worried about answers given concerning Stansted although we have a certain grain of information, can the minister tell the House why the Government is so reluctant to give the House information concerning this airport?

Does it mean the Government is aware of its position in that the inevitable suspension of Stansted in the years to come must inevitably be to the disadvantage of the development of regional airports?

The Earl of Calthorpe: I may have inadvertently misled the House. The capacity of Stansted is a million but the throughput is half a million. There is no reluctance on the

part of the Government to give information on Stansted. A project of this size is bound to get into gear and this will not affect regional airports.

Lady Burton of Coventry: The word capacity was introduced as a face saver. It had never been mentioned in the question. Furthermore, the figure he has given is not correct. The capacity was two million not one million in February last year without any development at all. I have got very tired of this inaccurate information, it is not good enough and the people concerned should look at it before giving answers even to written questions.

The Earl of Calthorpe: She disputes the figures that my Department has given me. I can only stand by what my Department gives me if it says the present capacity at Stansted is 1 million.

Lady Burton of Coventry: I appeal to the Leader of the House on this matter. I have here a perfectly good case and I want the Leader to look at it. He will see I have accused the Government and the unfortunate Minister of giving inaccurate information not only at Question Time but in written answers also. I have substantiated that and I think I am correct.

Viscount Whitelaw: Of course I will look into that with the Earl of Calthorpe. I know he has given the information in good faith and I stand by that.

Safeguard for textile industry to stay

TRADE

Mr Alan Clark, Minister for Trade, made it clear in opening a Commons debate on the Multi-Fibre Arrangement, that he had no intention of getting rid of it until he was satisfied that the need for the safeguards it provided had ceased to exist.

He said most competitions came from within the European Community and Community supplies now entered free of all restrictions after the end of 1989, would supplies from Spain and Portugal, and thus some of the most formidable low cost competitors would have free access to the British market.

It was the Community and not individual member states which negotiated on the Community's external trade policy. It was through the Community that the United Kingdom would be negotiating in the GATT to renew the MFA.

Mr Nicholas Winterton (Macclesfield, C) asked if he would try to ensure that before he negotiated finally a mandate with the Community this matter would come to the House again so that the House and not just the Minister could seek to represent the interests of the British people.

Mr Clarke said the debate was a step in that direction. At a later stage, when the mandate was in a more tangible form, it might be appropriate for the House to take another look at it.

In the long run, the future of the MFA and the integration of the newly industrialised countries into the GATT, will have very similar issues. The Community must be willing to negotiate these two issues together in the new GATT round and must make this clear to the developing world when it sought an extension of GATT later this year.

The Government's first objective was to seek renewal of the arrangement for a further transitional period because it was inappropriate to dispense with it suddenly. Those safeguards must be maintained, though focused more accurately on those sections of the industry that needed it most.

The second objective was to consider liberalisation in one area such as children's clothes.

Let me set this (he said) in the context of free trade versus protectionism. I do not see these as mutually exclusive alternatives which preclude any other approach. I recognise that the attainment of a genuinely free trade society is an admirable long term objective.

But Governments have to live in the real world where free trade, like unilateral disarmament is fine if everybody else is doing it. But if you try to achieve it by example alone it may be dangerous or even damaging.

On the other hand (he went on) the hard-headed bargain of reciprocal advantage and concession to an atmosphere of mutual respect is utterly different from protectionism.

Any Government which ignores this principle to obstruct some abstract dream and is it ignored by our principal trade competitors? The Japanese and French are arch practitioners of this doctrine - any Government which ignores this is in derogation of its duty to its own people.

Mr Bryan Gould, an Opposition spokesman on Trade and Industry, said the outcome of these negotiations matters crucially to nearly half a million employees in the UK. No responsible Government should gamble with their jobs.

Labour MP's were determined that what had happened to British car, helicopter and other industries would not finally happen to the textile industry. Here the threat was not of some abstract dream buying up the best and juiciest bits; the threat was of an industry fading away and being ground down by the rising tide of imports.

There was a suspicion that the European Commission, perhaps for reasons of administrative convenience was pressing ahead with the negotiations much sooner than was truly in Britain's interests.

Rumours persisted that British officials in Brussels were in the van of those wanting to liberalize the MFA. Mr Clark had every opportunity to fight for the national interests and for the textiles industry.

This country was not in a weak position over the negotiations. It could determine the outcome by swinging its weight on one side or the other.

The Spanish and Portuguese, major elements in the matter, had only just become EEC members. Also, whatever position the United States finally took would be a big factor in negotiations. But it was already known the Americans were likely to be pretty restrictive.

It was a grave risk for the United Kingdom to take a firm negotiating position, markedly more liberal than that of the Americans, before knowing their stance. There should be coordination. It was always best negotiating tactics to reveal one's position sooner than necessary.

Had the Government done any job assessment, because the country could not afford any further job losses in the hard-pressed textiles industry. Labour did not expect excuses about the difficulty of negotiating in Brussels. Mr Clark had every opportunity to fight for the national interests and for the textiles industry.

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Geoffrey Smith

Congressman Jack Kemp has been in London this week at the end of a 10-day tour of West Europe. As he is the second favourite to win the Republican nomination for the US presidency in 1988, and most therefore be regarded as one of the most serious candidates to succeed Mr Reagan in the White House, this has been a visit of particular interest.

The Republican front-runner at this stage must be Vice-President George Bush. Having served impeccably as Mr Reagan's deputy, he has a natural claim upon Republican loyalists. He is better financed than any other potential candidate in either party; he is putting together an impressive organization; he has the most support among the Republican establishment; and he has the knack of creating an atmosphere in which people of talent are happy to work around him.

This is important because every US administration is like a family business. It depends for its existence upon the person at the top. He cannot be supplanted by any appointee. Yet he cannot do it all himself. The success of the enterprise is critically affected by the quality of the team he builds.

Mr Bush's nomination cannot be taken for granted, however, because he is an uncertain campaigner. He seems to have a periodic compulsion to present himself as less moderate and more aggressive than in fact he is, so that he sometimes seems unsure of himself. That is not a failing from which Mr Kemp is likely to suffer.

Having heard him delivering a set speech, answering questions and taking part in two extended private discussions, I would judge him to be a vigorous and confident campaigner. The keynote of his approach is optimism. He is in the tradition of the American candidate politician.

This is particularly evident in his approach to economic policy. Essentially he is a right-wing expansionist. This puts him in a rather different category from both Mr Reagan and Mrs Thatcher. Like them, he accords a high priority to cutting personal taxes. But he is not so concerned as they are about budget deficits.

President Reagan has repeatedly perplexed friends and critics alike by his refusal to choose between incompatible policies. He has gone for lower taxes, higher defence spending and moves towards a balanced budget. He is therefore in danger of finding that the Gramm-Rudman-Hollings legislation, which he backed, will force sharp cuts in defence expenditure against his deepest wishes.

Mr Kemp is guilty of no such inconsistency. He was too alarmed by the deficit as a proportion of the gross domestic product in the United States, and so voted against Gramm-Rudman-Hollings.

If he were President, my guess is that the rest of the world would have to resign itself to continued high deficits, but could expect a determined and consistent drive towards higher economic growth within the United States and internationally.

He would also bring pressure to bear on the central banks to achieve more stable exchange rates, which he regards as essential to create the confidence required for sustained international expansion.

One of the doubts that the outside world may reasonably have about a member of the House of Representatives becoming President is whether he would be sufficiently versed in the broad range of international affairs.

But Mr Kemp would at least bring to the office a number of attitudes that would be welcome to his European allies. He does not accept the fashionable thinking in the United States these days that Europe is becoming progressively less important than the Pacific region. His opposition to trade protection has the ring of consistent conviction and he is prepared in principle to extend this thinking into the field of defence procurement.

The conventional impression of Mr Kemp is of an extreme right-winger whom many moderate people would regard as a risk in the White House. My own view after his brief visit is of a forceful personality, who thinks for himself and who fits no stereotype.

Appeal to allies in Europe

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Thatcher interested only in result of one opinion poll

PM'S QUESTIONS

Mrs Margaret Thatcher the Prime Minister, described what she called "the outlook of a caring Government" during questions in the Commons, listing the improvements made under her leadership.

Her defence began after Mr Roy Hattersley, chief Opposition spokesman on Treasury and economic affairs, asked her to explain the Gallup survey that showed that only 6 per cent of the population thought of her as a caring Prime Minister.

Mrs Thatcher: I do not look at opinion polls (prolonged Labour cheers) but I am interested in are those on election day and we have not done too badly over those. (Conservative cheers.)

Mr Hattersley: Is she too reticent to offer an explanation? May I suggest as the reason the country believes she does not care is because she has presided over a Government which has seen unemployment treble, poverty double, increased homelessness, cuts in overseas aid and £2.50 stolen each week from the pensioners.

Mrs Thatcher: I have presided over a Government in which the health service is far better, there has been an increase to pensioners, output is at an all-time record level, manufacturing industry is growing and the growth has been going on for six successive years. That is the outlook of a caring Government.

Mr Hattersley: Referring to the Government's uncaring

politics and style she prepared to answer any one of the facts I offered her?

Mrs Thatcher: I will deal with the facts he offered, or at least with his interpretation of them. He has no idea of how to go about wealth creation or creating more jobs. We have the highest and best record in job creation in the whole of Europe over the last two years.

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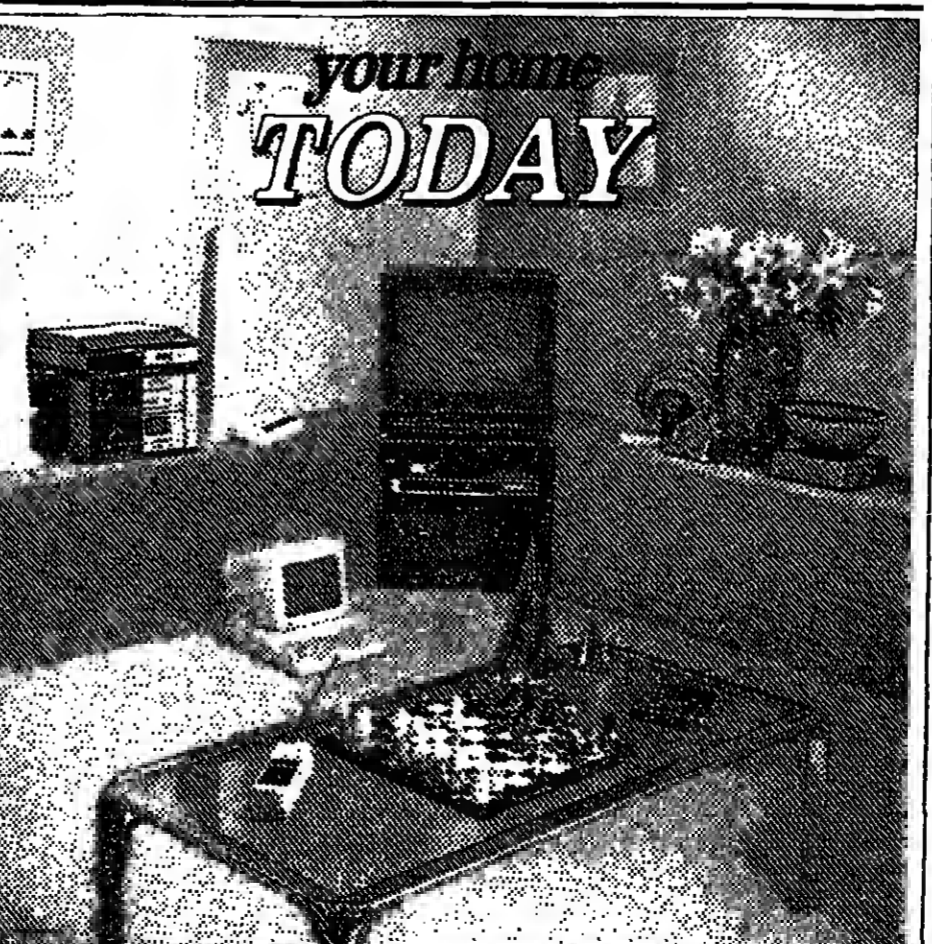
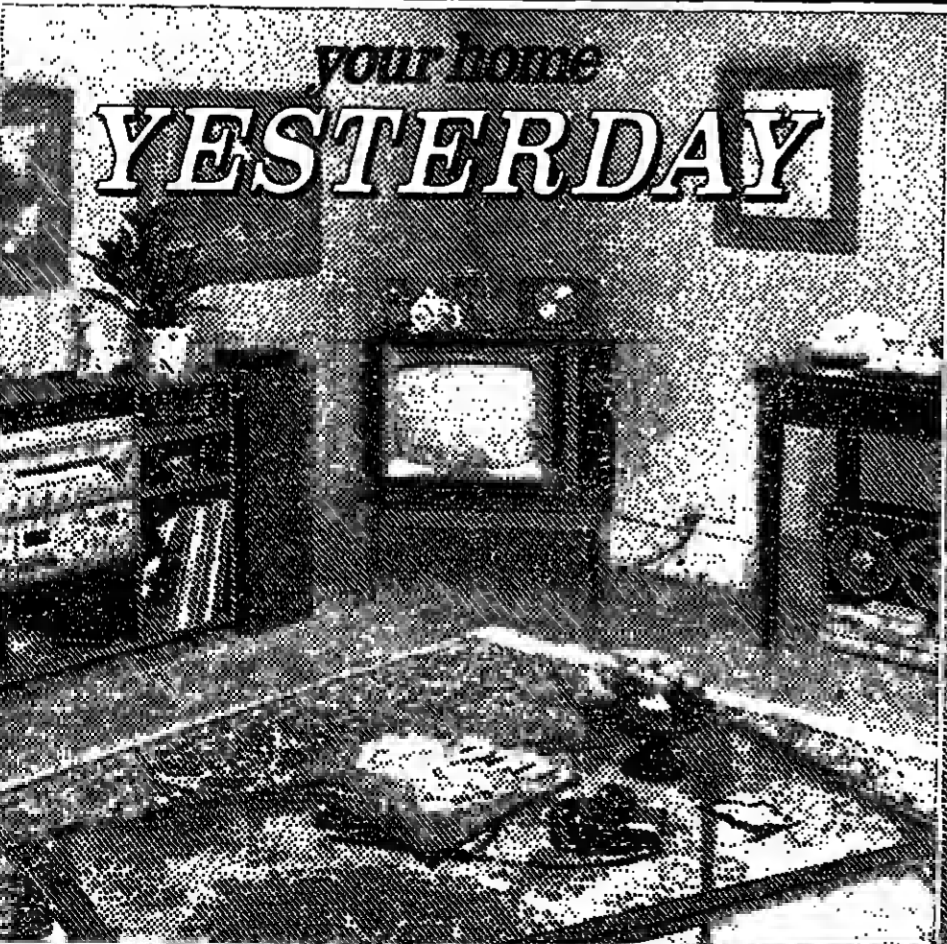
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Savage inquiry starts again after deal on patient confidentiality

By Nicholas Timmins

The inquiry into allegations of professional incompetence against Mrs Wendy Savage resumed in public yesterday after an agreement was apparently reached with the General Medical Council that everything being done to protect the confidentiality of patients' notes.

The inquiry had been halted on Wednesday after a letter from Sir John Walton, President of the council, said that it was "deeply concerned" at the identification of patients and their records in the media.

Any doctor disclosing confidential information could face questioning by the GMC under its disciplinary powers, Sir John said.

But yesterday Mr Christopher Beaumont, the inquiry chairman, said after a meeting with the council that "we and the GMC are in agreement over the future conduct of the inquiry".

It would continue in public with the inquiry ruling that patients' initials rather than names should be used, and with patients willing to give evidence in public doing so.

But he said "there might be certain parts of the evidence from doctors which might

have to be in camera; that may or may not happen".

Mrs Savage, consultant obstetrician at the London Hospital, has been suspended since last April.

The council is understood to have acted after complaints from doctors not involved in the inquiry. It was apparently not fully aware that publicity about cases in which patients' names have been used had occurred before the inquiry and not as a result of it.

Mr Beaumont said: "We are as anxious as the GMC to maintain confidentiality for the patients."

Yesterday the inquiry heard that the handling of one case in which Mrs Savage is accused was such that compounded errors "made an unfortunate outcome highly probable".

The baby's head became impacted on the pelvis during a bottom-first delivery and suffered a fracture. The child died eight days later from a presumed tear in the brain.

The woman had undergone a previous caesarian delivery because her pelvis had been judged too small for a natural delivery.

Professor John Dennis, Professor of Obstetrics at South-

ampton University, said that a trial of labour was not justified because of the size of the pelvis, and that if a caesarian delivery had been performed earlier "the outcome would probably have been satisfactory".

There had been "serious deviations from the body of knowledge concerning how to deliver women".

But he told the inquiry that in the other four cases in which Mrs Savage is accused "alternative explanations" of her actions were possible. "In this particular case I cannot see another explanation".

But he said that Mrs Savage had an "impossibly over-extended workload" as she was frequently busy at one branch of the London Hospital when she was needed on another site.

In a case where a baby's head got stuck during delivery she had not been available and the relatively junior registrar looking after the delivery had to call for a colleague to help to deliver the baby by caesarian section.

Labour's worry on GCSE date

By Lucy Hodges Education Correspondent

The Government should reconsider whether the new GCSE examination to replace O levels and CSE should begin as planned this September, Mr Giles Radice, Labour's education spokesman, said yesterday.

Many pupils, parents and employers were worried about the state of readiness for the new examination courses which begin in the autumn, he said in a letter to Sir Keith Joseph, Secretary of State for Education and Science.

Mr Radice's move comes after mounting concern about whether teachers and pupils will be adequately prepared for the GCSE, given the speed with which it is being introduced and the continuing boycott by the two biggest teaching unions of training for the new examination.

A number of local education authorities are calling for the examination to be postponed.

"It is vital for the success of the new examination that it enjoys a high level of public reliability", Mr Radice told Sir Keith.

Sir Keith reiterated last week that the Government was determined to go ahead.



Princess Michael of Kent at Goldsmiths' Hall, in London, yesterday, when she sat on the jury at the Trial of the Pyx, which tests samples of coin produced at the Royal Mint.

Teenager killed man who said 'push off'

A teenaged killer shouted "scum" at the Central Criminal Court yesterday as he was sentenced to youth custody for life.

Lee Davies, aged 17, was convicted of stabbing to death Mr George Carns, aged 51, outside his home in Anerley Vale, Upper Norwood, south London, last May.

Davies, a shop assistant of Hawthorne Grove, Pease, south London, was found guilty after a retirement of more than nine hours by the jury.

Mr Kenneth Richardson, QC, for the prosecution, said that Mr Carns, a freech polisher, was knifed five times in the head and chest when he told Davies and a group of other rowdy youths to "push off".

Davies had been causing a disturbance at a party organised by the dead man's son.

After the killing Davies, who was then 16, showed the bloodstained knife to some girls and boasted: "I'll bet you a fiver I got him in the head and a couple of times in the gut."

A further charge, alleging that Davies stabbed a schoolboy, aged 15, three times in the back during an argument two months before the killing of Mr Carns, was not proceeded with by the prosecution.

MP calls for report on child brothels

A Conservative MP yesterday called on the Home Secretary to prepare a full report on allegations of the existence of child brothels in Islington, north London.

Mr Geoffrey Dickens, MP for Littleborough and Saddleworth, said he had given Scotland Yard information.

It was now investigating claims that such brothels were being run on an estate in the Archway district, he said.

Mr Dickens said: "My informant, whose name I shall, of course, keep secret, has told me that some 40 children are involved."

"He has passed on to Scotland Yard tapes purporting to depict the voices of children clearly taking part in unsavoury activities."

"Scotland Yard has told me it is treating these allegations seriously. I hope that urgent action will be taken to stamp out this evil trade."

For the past five years, Mr Dickens has been leading a campaign to stamp out sexual abuse of children.

Store jobs

J. Sainsbury, the supermarket chain, will create 250 new jobs at Salisbury, Wiltshire, with the opening of its 262nd store in Britain, on March 11.

Literary prize for Lessing

By Philip Howard Literary Editor

The 1985 W.H. Smith literary award of £4,000 has been won by Doris Lessing for her novel *The Good Terrorist*.

It is the story of a middle-aged, middle-class woman who acts as a kind of house mother for singularly inept young revolutionaries and squatters in the seedy parts of London.

For some of us it is a welcome re-entry from outer space (where her recent novels have been set) to the new world all around us today.

The Good Terrorist was on the short list for last year's Booker Prize and a favourite for the Whitbread Prize. An advantage of the W.H. Smith award, which is given to a distinguished literary book of any kind, is that by coming last of the three big prizes it can reward a book that *proxime accessit*, but just failed to win the other two.



Doris Lessing, whose novel is set in a London squat

Rethink on benefit appeals

By Nicholas Timmins

Social security ministers are considering strengthening claimants' rights of appeal under the new Social Fund, to be introduced in 1988 when existing single payments will be abolished for the 4.7 million people who claim supplementary benefit.

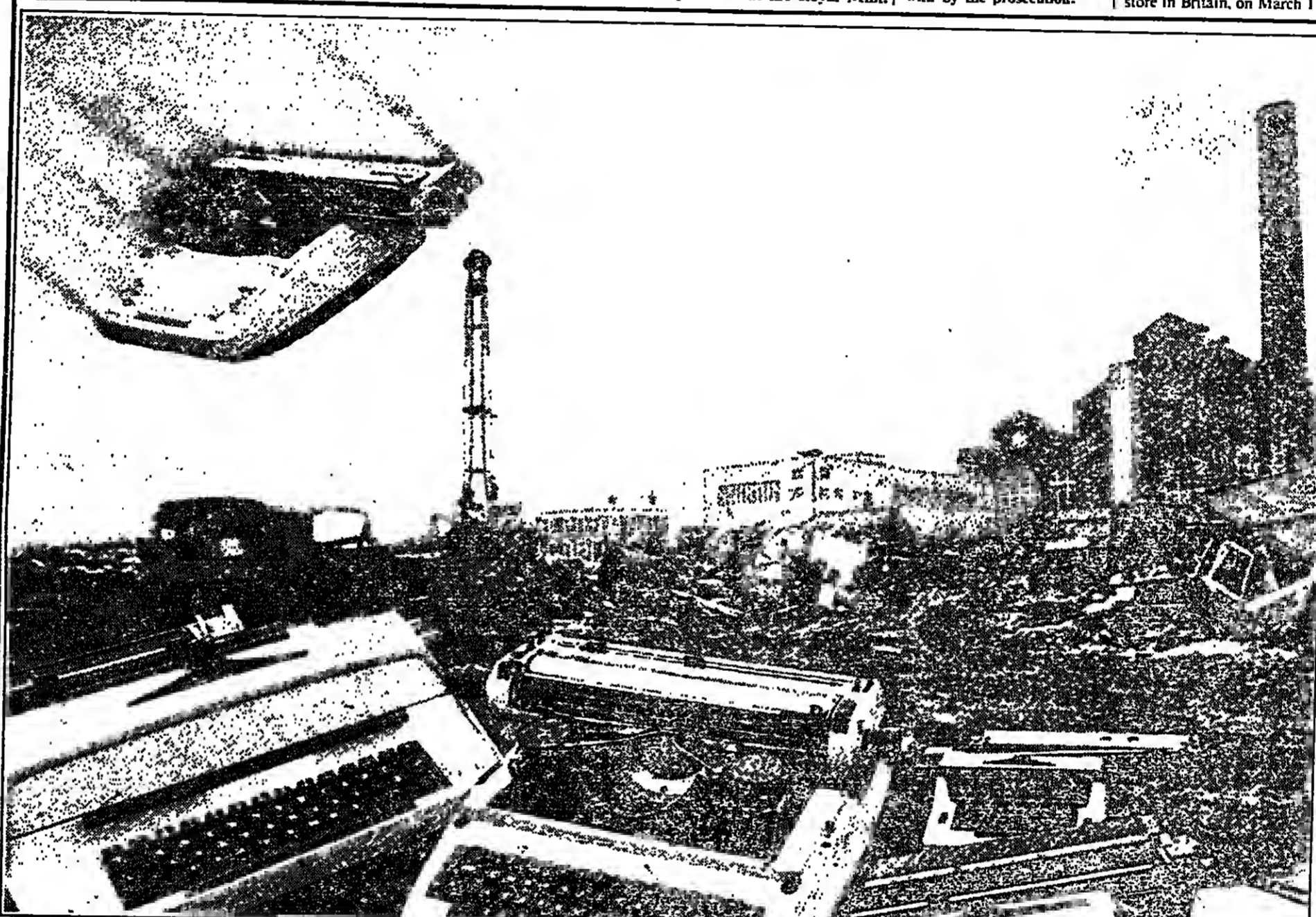
More than 3 million single payments for items such as furniture and cookers are made every year, but under the Social Fund these will become loans instead of grants and claimants will lose their right of appeal to an independent tribunal if a loan is refused.

The loss of that right has been severely criticized by welfare commentators, the poverty lobby and the Council on Tribunals.

Under government proposals the only form of appeal will be a further review of the case by the official who made the original decision, followed by a review by a more senior DHSS official, probably in the same office.

Ministers are considering strengthening the system, for example by setting up the internal appeals at regional level, further away from the local office where the decision is made. They have not ruled out an independent element in the appeal.

The fact that people will be appealing over a loan rather than a grant may persuade ministers that appeals will be fewer: claimants are likely to appeal over a loan only if they really need the money. In the last year for which figures are available there were more than 35,000 appeals.



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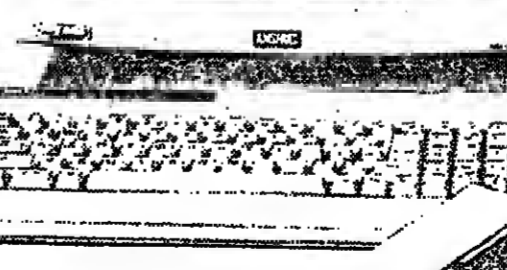
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wide on-site service and maintenance contracts which can easily be arranged.

All of which puts the ordinary office typewriter firmly in its place. The place featured in the picture above.



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Bleak outlook forecast for long-term jobless

A bleak future for the long-term unemployed is forecast by the Manpower Services Commission today.

In its draft corporate plan up to 1990, the commission says that early in the period there will be a levelling off in the number of those unemployed for more than a year, but the number unemployed for more than three years will continue to grow.

"In the short term the economic outlook remains one of continued, if possibly

more modest, output and employment growth", the commission says.

The unemployment rate among those aged 18 to 24 is likely to remain high, although MSC programmes will make a contribution to alleviating the effect of high unemployment on worst-affected groups.

The plan has been submitted to Lord Young, Secretary of State for Employment, for approval, and to the Commons Select Committee on Employment.

Council starts fixed-price funeral service

By a Staff Reporter

A municipal funeral service, claimed to be the first of its kind in Britain, is to be started next week by Lambeth Council in London, with a fixed price, about half that charged by private companies.

The council has signed a contract with an undertaker to provide "a full and dignified funeral service to Lambeth residents".

The cost of £295.50 will include collection of the body from anywhere within 10 miles of Lambeth, embalming and robing, use of a chapel of rest, a "suitable" coffin and a "dignified" funeral service with hearse and one car for mourners. There will be no subsidy from the rates.

"Even quite basic funerals can cost over £700 these days and it is a terrible worry for old people and poor families", the council's public services committee said.

Judges order conviction of coach drivers

By a Staff Reporter

The High Court yesterday ordered magistrates at Chester to convict five coach drivers for breaching EEC regulations controlling manning levels and driving times.

In a case brought by the Traffic Commissioners, magistrates had ruled there had been no breach of the regulations which specify that long-distance coaches should be manned by two drivers to allow the legal rest periods to be taken.

They agreed with drivers from Crossville Motors, of Chester, that the regulations had been met on a trip to London by having a "floating" driver for the four coaches.

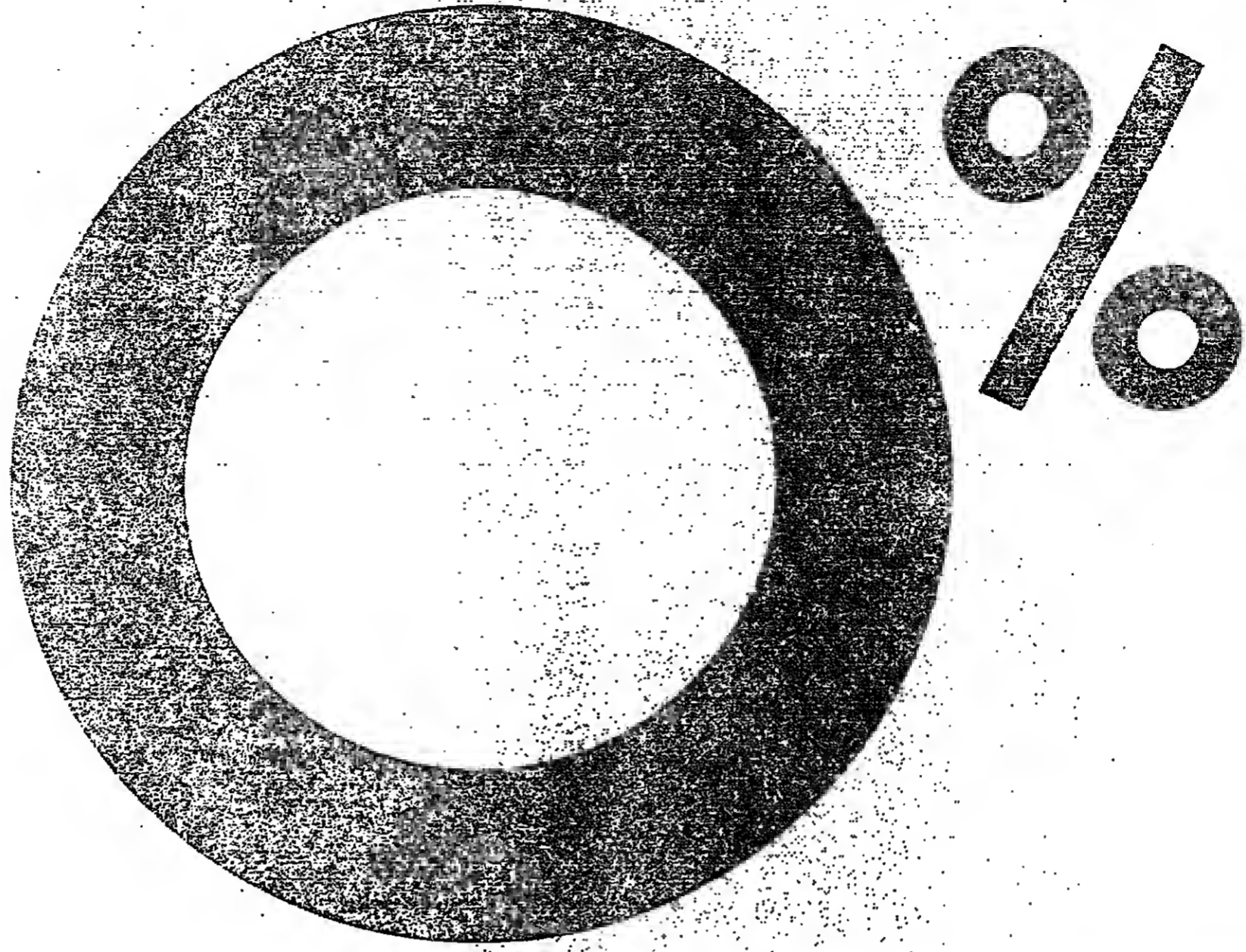
Lord Justice Lloyd, sitting with Mr Justice Skinner in the Queen's Bench Divisional Court, said the regulations "demand" that two drivers must be on board so long as the bus is in motion.

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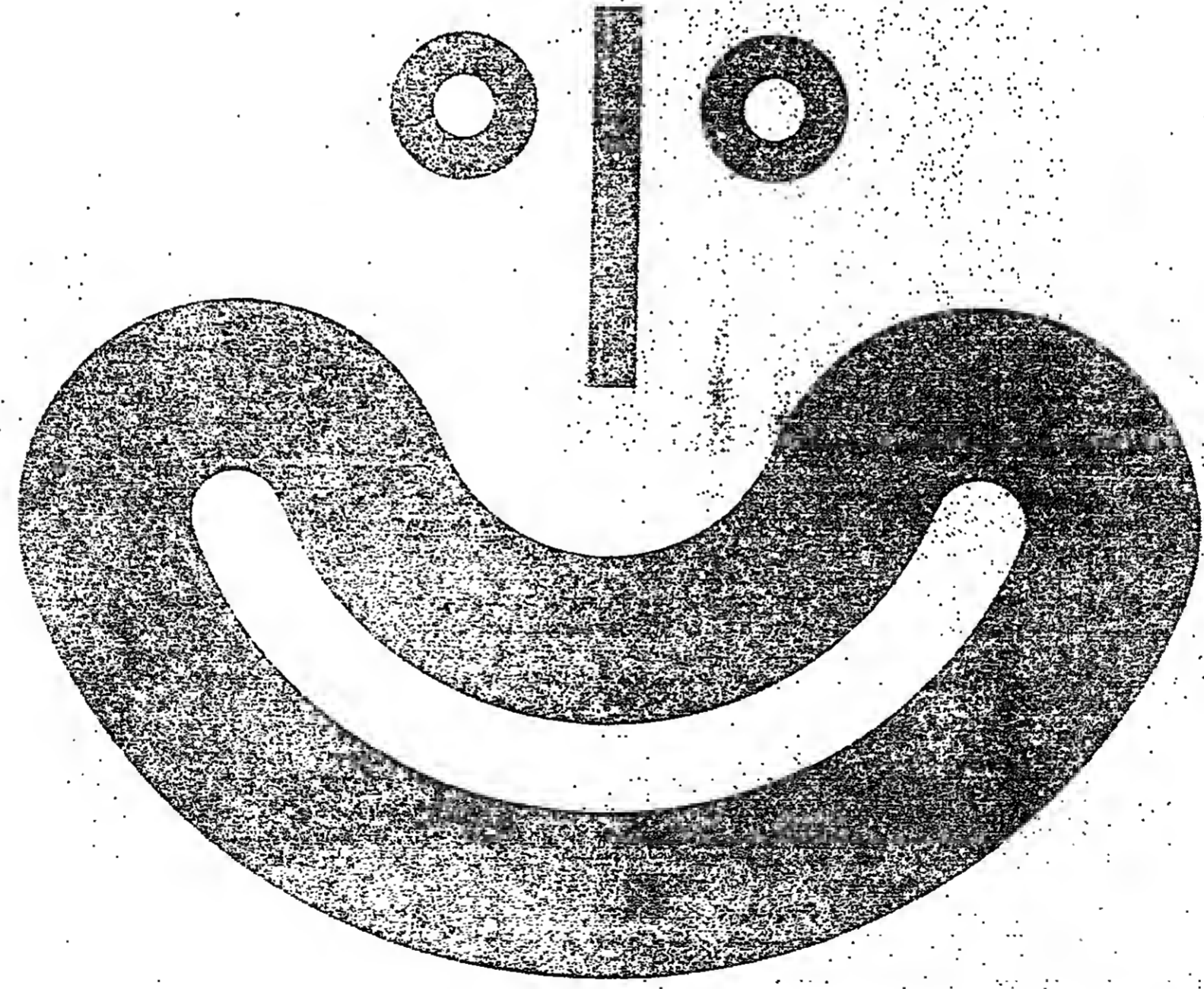
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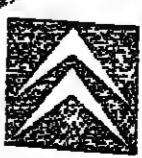
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The Gulf War flare-up

Accusations of poison gas attacks in fierce battles south of Basra

By Robert Fisk, Middle East Correspondent

With grim inevitability, both Iraq and Iran yesterday accused each other of using poison gas in the desperate battles being fought out amid the waterlogged plantations south of the Iraqi city of Basra.

An Iranian military spokesman claimed during the morning that Iraq had begun showering "mustard and nerve gases and cyanide derivatives" onto Iranian troops on the west bank of the Shatt al-Arab river three days ago.

The Iraqis immediately countered this claim with an equally ominous allegation from their Information Minister, Mr Latif Nisseyf, that the Iraqis had themselves been using chemical weapons and that "this criminal act will not go unpunished".

The gravity of Iran's new offensive — and the degree to which it has aggravated the anxiety of the neighbouring Arab states — was illustrated yesterday when the Arab foreign ministers who had hurriedly met in Baghdad on Wednesday called for an urgent meeting of the UN Security Council to discuss "Iran's new extensive military aggression against the sovereignty of Iraq".

The ministers, from Saudi Arabia, Kuwait, Jordan, Morocco, Tunisia, North Yemen and Iraq itself, said that the Iranian offensive now "constitutes a great threat to international peace and security".

Their appeal, however, is unlikely to produce any results. The Iraqis, have all along contended that they will only agree to a ceasefire when President Saddam Hussein of Iraq has been overthrown.

Besides, Tehran Government leaders were yesterday far more concerned to publicize further claims of Iranian victories, and Iraqi gas attacks upon their men, than to talk of an armistice.

According to Tehran, at least 17 Iranian soldiers have died from Iraqi chemical weapons this week and — a much more sombre figure — as many as 1,500 Iraqis may have suffered in poison gas attacks.

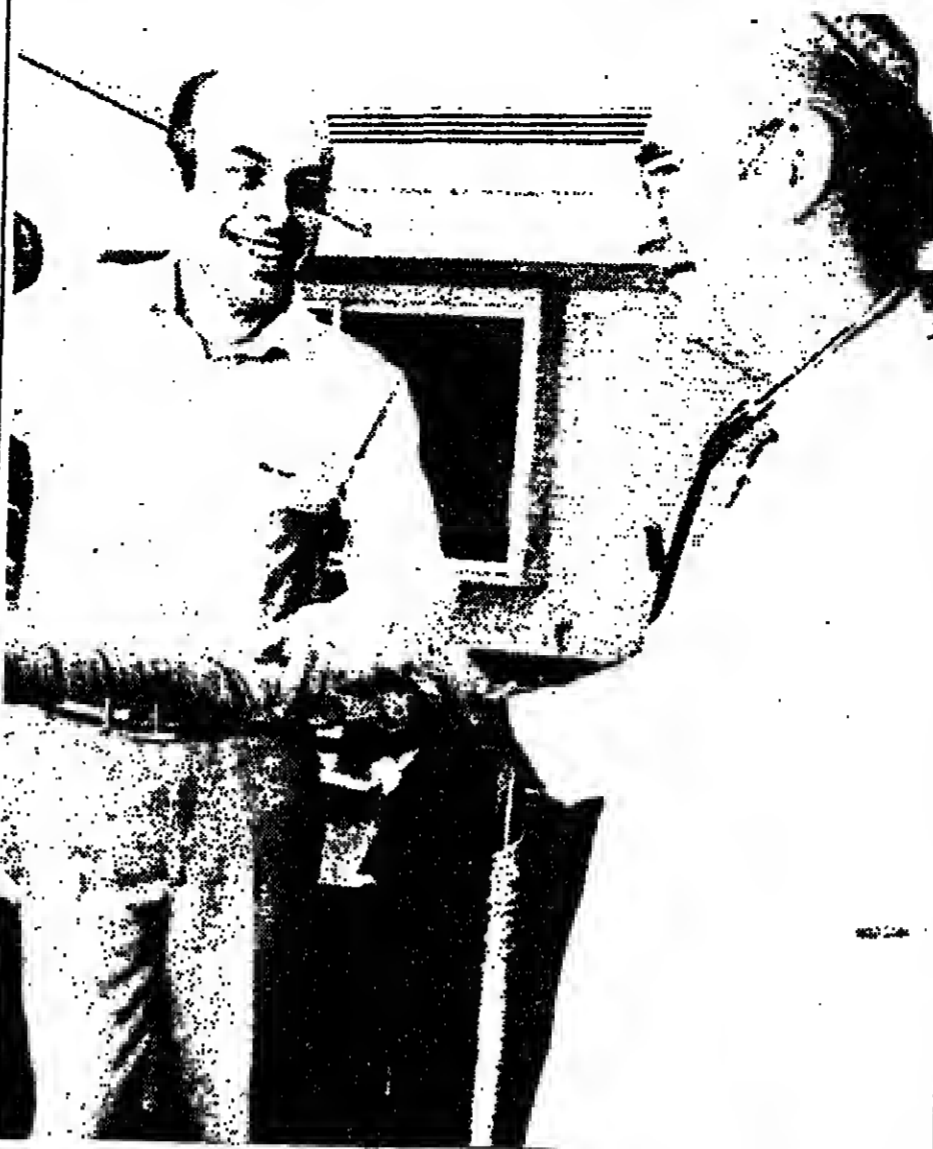
On the ground, the Iraqis have cut the attacking Iranian forces into two, using commandos to fight their way into a two-mile deep Iranian beachhead on the west bank of the Shatt al-Arab south of Basra.

Diplomats in Baghdad, meanwhile, say that Iraqi jets have carpet-bombed the second Iranian force further south, near the village of Siba, and used helicopter gunships to prevent its re-supply from the east bank of the river.

The Iraqis are already aware, however, of some awesome logistics. For this is not the massive offensive against their country which the Iraqis have been promising: only 85,000 Iranian troops — approximately six divisions — are at present in combat, while a further 27 Iranian divisions are still massed opposite the Iraqi southern front lines.

If they are used south of Basra in the coming 48 hours, then Iraq's counter-offensive could prove worthless. And if they are not used to prop up the new beachhead, where do the Iraqis intend to strike?

Mr Anatoly Shecharansky, the freed Soviet dissident, taking part in a succession of tests at the Hadassa Medical Centre in Jerusalem yesterday, where his doctor said that he had suffered only minor damage to his heart and nerves while in prison.



Mr Anatoly Shecharansky, the freed Soviet dissident, taking part in a succession of tests at the Hadassa Medical Centre in Jerusalem yesterday, where his doctor said that he had suffered only minor damage to his heart and nerves while in prison.

Libyan jets in war of nerves with US

From Michael Binyon, Washington

As the US Navy resumed its exercises off the Libyan Coast, the Pentagon revealed that US carrier planes and Libyan fighter aircraft had more than 25 encounters over the Mediterranean on Tuesday.

No hostilities took place. The incidents were outside the area claimed by the Libyan leader, Colonel Gaddafi, as territorial air space, and the Pentagon described the interceptions as routine.

But the incidents point to the high state of tension north of the Gulf of Sirte, where the two US carrier task forces are now conducting highly visible operations.

The US fighters which made the interceptions flew from the carriers Coral Sea and Saratoga as part of flight operations that began on Tuesday and will end on Saturday.

Navy fighters are flying between their carriers and foreign planes, a tactic designed to screen the ships and position the US planes to bring down enemy aircraft before their weapons come in range of the vessels.

The Libyan planes apparently wheeled away before the battle groups.

Colonel Gaddafi has threatened to attack American ships crossing a "line of death" he has drawn across the top of the Gulf of Sirte. So far no navy ships have crossed the line, but officials here said it would be crossed eventually to reassert the US position that most of the Gulf of Sirte is in international waters.

President Reagan will probably order a retaliatory strike if Libya shoots down any US plane or launches one of its 12 SAS anti-aircraft missiles.

Syrian women gain

Damascus (AP) — Communists made a comeback and women doubled their number of seats in Syria's new People's Assembly, elected this week.

The ruling Baath Party was the biggest winner, with 129 seats in the 195-member Parliament.

The Communists, who had no members in the previous Parliament, won nine seats, the Socialist Union Party also won nine, the Unionist Socialist Party eight and the Arab Socialists five.

Women from various parties won 18 seats, up from eight in the outgoing assembly. The Parliament, which is mainly a rubber-stamp body for endorsing the policies of the ruling party, is required by the constitution to meet within two weeks to choose a Speaker. Observers expect the incumbent, Mr Mahmud Zuhri, to be re-elected.

Diplomatic drive to shield Kuwait

From Zoriana Pysariwsky, New York

A two-pronged diplomatic effort to halt the Gulf War was under way at the United Nations as Senor Javier Pérez Castejon, the Secretary-General, and members of the Security Council explored options focusing on preventing the conflict from engulfing Kuwait.

Tensions were high as the Secretary-General maintained contacts with the representatives of Iran, Iraq and the Saudi-led Gulf Co-operation Council of which Kuwait is a member. In addition, Mr Tariq Aziz, the Foreign Minister of Iraq, was expected in New York by the end of the week, hoping to rally the Security Council against Iran.

Seven Arab foreign ministers comprising the special Arab League committee on the Gulf War have called for an urgent meeting of the Security Council citing Iran's "new extensive military aggression" against Iraq.

It is believed that the arrival of Mr Ali Akbar Velayati, the Iranian Foreign Minister,

would depend on a special invitation from the Secretary-General outside the context of the council meetings. Iran has boycotted the Council, claiming that it favours Iraq.

Representatives of the United States and the Soviet Union were summoned by the President of the Security Council and asked to exert their influence in defining the conflict.

Iran would pull the reins on its forces only if threatened with outside intervention, and diplomats pointed out that the Iraqis have taken great pains to stop short of any provocation that could induce a drastic US or Soviet response. Although it was thought that Iran would not deliberately attack Kuwait, there were fears of the conflict spilling over unintentionally.

Meanwhile, it was expected that the Security Council debate on the latest phase of the war would serve as a good indicator of the British and Soviet positions in the Gulf conflict.

Cut-price ships on way out

From Alan McGregor, Geneva

The phasing out of sub-standard vessels sailing under flags of convenience with cut-price crews and minimal regard for safety standards has started with the signing of the final act of the UN convention on conditions for ship registration.

Negotiations on the convention, under the auspices of the UN Conference on Trade and Development had been under way for a decade. Agreed by more than 100 governments, including Western ship-owning and Soviet bloc countries, it will come into force when ratified by 40 states controlling at least 25 per cent of world shipping tonnage.

The conference chairman, Mr Lamine Fadika (Ivory Coast), said he believed this could be within five years.

The new regulations are aimed at establishing a legal "genuine link" between a vessel's country of registration and its real owner, forcing shady operators out of business. A third of merchant shipping is open-registered, almost 80 per cent of it in Liberia and Panama.

The convention also requires "a satisfactory part" of a crew to be nationals of the registration state or domiciled there. It spells out legal and financial liabilities and insurance requirements, including cover for third parties.

Developing countries had initially pressed for the ending of the flags of convenience system. They regard the convention as a compromise.



Mr Andrija Artukovic on his arrival at Zagreb.

Sick Nazi goes home

From Dossa Trevisan, Belgrade

Mr Andrija Artukovic, the wartime Minister of the Interior in the Croatian puppet Government, whose extradition for mass murder of Serbs and Jews had been sought by Belgrade for more than 30 years, has been flown into Yugoslavia.

An ailing man of 86, he was taken on a stretcher to a prison hospital to await trial on charges of war crimes against prisoners of war and civilians.

As Minister of the Interior in the independent Croatian state set up after Yugoslavia was dismembered by Germany in 1941, he was directly responsible for mass murders of the Serbs and Jews as part of the ethnic and racial policy of the Onist government.

At the end of the war he fled the country. As soon as the United States Supreme Court rejected his appeal against extradition he was secretly flown out on a regular commercial flight to Zagreb, the capital of Croatia.

Chad presses for aid

Njamena, Chad (Reuters) — Chad said yesterday that it had asked friendly countries, including France, for military aid to help beat back a four-day Libyan onslaught.

The Foreign Minister, Mr Gouara Llassou, told a rally in this war-scarred capital city that the Government had approached its traditional allies some time ago.

Authoritative sources said a formal request was made by President Habré when he met

M. Guy Penne, President Mitterrand's top adviser on African affairs.

Addressing thousands of Chadians carrying placards denouncing the "Libyan aggression," Mr Llassou said that Libyan troops had opened a third front at Koro Toro.

M Penne had said earlier in the Gabonese capital of Libreville that France would step up arms deliveries if the situation made it necessary.

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Slabbert deputy follows his leader

Second MP quits in Pretoria

From Michael Hornsby Johannesburg

Another senior member of the white opposition in the South African Parliament has decided to resign in disillusionment over the slow pace of constitutional change and the Government's refusal to abandon apartheid.



Dr Alex Boraine after announcing his resignation, and extra-parliamentary opponents of the Government.

He added that he hoped to strengthen ties with groups such as the United Democratic Front (UDF), although it would be "up to them" to decide whether there was a specific role he could play.

seriously weakened the PFP, and cast a shadow over those who have elected to continue working inside Parliament.

Philippine election chaos

Aquino campaign of civil unrest

From David Watts, Manila

The Philippines opposition is to launch a campaign of non-violent civil disobedience this weekend, starting with an important rally on Sunday to be addressed by Mrs Corason Aquino, who calls herself president-elect.

The campaign will include work stoppages, sit-down demonstrations, boycotts of government newspapers and non-payment of taxes.

Mrs Corason Aquino, Mrs Aquino's brother-in-law, told The Times that he thought the campaign could bring down President Marcos in six months.

The campaign is expected to be endorsed by a conference of the Catholic bishops of the Philippines which started yesterday.

The conference is likely to issue a pastoral letter at its conclusion which will offer close support to Mrs Aquino.

She has been in close touch with Cardinal Sin since the start of her campaign.

Mrs Aquino went to Manila airport during the afternoon to receive the body of Mr Evelio Javier, which was brought back from the provincial capital of Antique, where he was shot dead by four masked gunmen.

The congregation broke into applause when Mrs Aquino was greeted and referred to as president.

WASHINGTON: Senator Richard Lugar, who headed a Congressional observer team at the Philippines election, said he would support a cut in economic and military aid if the vote was found to be fraudulent.

Senator Lugar, Republican chairman of the Senate Foreign Relations Committee, said in Indiana that Congress would probably deny further assistance to the Philippines if the election was "fatally flawed".

His comments fly in the face of the Administration's insistence that military aid to Manila must continue whatever the outcome of the election.

Pik Botha's Geneva talks

New move to halt Namibia deadlock

From Michael Hornsby

A new plan to try to break the stalemate over independence for South African-occupied Namibia is understood to have been one of the main topics of talks in Geneva this week between Mr R.F. "Pik" Botha, the South African Foreign Minister, and Dr Chester Crocker, the American Assistant Secretary of State for African Affairs.

There is also speculation that Mr Botha may be pursuing the possibility of a "package deal" involving the release from jail of Mr Nelson Mandela, leader of the outlawed African National Congress.

Another purpose of the visit is thought to be to brief the Swiss and other European Governments on Pretoria's reform programme in advance of an important meeting in London on February 20 of Western bankers to consider new proposals for re-scheduling South Africa's short-term debts.

A former governor of the Swiss Central Bank, Dr Fritz Lutwiler, has been acting as mediator between South Africa and the creditor banks.

Speculation that Mr Botha would meet Dr Lutwiler in Geneva has not been officially confirmed here.

According to diplomatic sources here, Mr Botha today will meet the Dutch Foreign Minister, representing the 12 EEC member states.

The meeting was requested by Mr Botha, who is likely to be pressed to spell out in more detail what plans Pretoria has for extending political rights to black Africans.

The new move on Namibia is understood to involve setting a date for the implementation of the UN Security Council Resolution 435, passed in 1978, which provides for a UN-supervised ceasefire in Namibia, followed by elections and the territory's independence.

Mr Botha said in a statement he was not aware of any decision to set a date but did not deny it could be under discussion.

There has been little official comment here on Mr Botha's Swiss visit. It was announced, however, that yesterday morning he met Mr Jean-Pierre Hocke, the UN High Commissioner for Refugees, about the "increased influx" of refugees from South Africa's neighbours, particularly Mozambique.



Mrs Kathleen Kennedy Townsend, aged 34, the oldest daughter of the late Senator Robert Kennedy, pictured with her daughters Meghan, left, aged eight, and Maeve, aged six, at their home in Ruxton, Maryland. Mrs Kennedy Townsend, a lawyer, is seeking the Democratic nomination in Maryland's Second Congressional District.

Hard edge to Haiti's joy

From Trevor Fishlock, Port-au-Prince

The mansion of one of Haiti's noted artists lay a smouldering ruin in Port-au-Prince yesterday. It was presumed to have been burnt as a blow against the remnants of the Duvalier regime.

The artist was said by local people to have been a friend of the dictator and his wife.

As the house, belonging to Bernard Séjourne, blazed on a hillside overlooking the city centre, a crowd of thousands of young people gathered in the square and streets around the presidential palace.

They were noisy and high spirited. Their gathering was part carnival, part demonstration.

It was an exuberant celebration of the end of the 29-year rule of Papa Doc and Baby Doc Duvalier. The people danced and sang and waved palm branches.

But there was a hard edge to some of the chanting. Many in the crowd called for the resignation of members of the interim Government, which

they branded as Duvalierists. In particular they demanded that Mr Alix Claude should go.

Mr Claude is a member of the six man military-civilian ruling council. He was Minister of Works in the last Duvalier Cabinet.

A growing number of Haitians grumble that the new Government has too many people in its ranks associated with the ancien régime.

At a meeting in Port-au-Prince, Mr Sylvio Claude, president of the small Christian Democratic Party of Haiti, read a declaration saying that the majority of the 19 ministers in the interim Government are Duvalierists or former Duvalier Government ministers.

He called on the ruling council to form, within a month, a provisional Government containing representatives of opposition parties.

Mr Claude, who is a Protestant minister, was jailed several times by the Duvaliers.

The public is enthusiastically obliterating the symbols of the Duvalier years. The statues have gone and the name of Duvalier is being torn down from public buildings or covered with paint.

There is no doubt that bank notes bearing Papa Doc's image will go.

Haitians feel that an era of humiliation has ended. The Duvaliers made Haiti notorious. Now people say that they no longer feel ashamed.

TALLOIRES, France: Baby Doc Duvalier is proving a big headache for the French Government by resisting efforts to get him out of the country and insisting on permanent refuge in France.

French officials describe Mr Duvalier's stay as a transit stop and rule out granting residence to the ex-President, who has been cloistered for the past six days in a heavily-guarded luxury hotel here.

The French External Relations Ministry said that France had formally approached Liberia about offering Mr Duvalier asylum, but was still awaiting a reply.

French expel 10 after blasts

Paris (AFP) - The French Interior Minister, M Pierre Joxe, has ordered the expulsion of 10 of 64 people detained in a nationwide sweep on Wednesday after three bombings which injured 20 people here last week.

The 10, who will be deported either to their country of origin or to a country of their choice for disrupting public order, comprise two Lebanese, four Iraqis, an Algerian, a Kenyan and two Iranians. However no direct links have been found to last week's bombings.

Rabat jails 26 activists

Rabat (Reuters) - A Casablanca court sentenced 26 left-wing activists to prison terms of between three and 20 years for subversion and threatening state security.

The prosecution, which had demanded 30-year sentences for all, said the group received financial aid from Algerian-backed Polisario guerrillas.

Special Oscar

Beverly Hills (Reuters) - Paul Newman, nominated as best actor six times but never an Academy Award winner, will receive an honorary Oscar at the 58th annual awards for his contribution to acting.

Basque attack

Alaska, Spain (Reuters) - Suspected Basque separatists set two French lorries on fire outside a restaurant here but firemen averted disaster by driving away two adjacent propane gas lorries.

Print war

Dhaka (AP) - An advertisement urging pilots, sailors and technicians to join the Libyan armed forces for a holy war against the US and Israel appeared in a Bangladeshi newspaper.

Forces chief

Tegucigalpa, Honduras (AP) - The federal legislature elected Colonel Humberto Regalado Hernandez, aged 49, as chief of the armed forces, replacing General Walter Lopez Reyes, who resigned suddenly last month.

Correction

M Philippe Hersant, who, as reported yesterday, was locked by staff in his office at L'Union de Reims, the newspaper of which he is temporary proprietor, is the son of M Robert Hersant, the right-wing newspaper magnate.

NRA takes strategic Uganda town

From Charles Harrison, Nairobi

Troops of President Yoweri Museveni's National Resistance Army (NRA) took the strategic eastern Uganda town of Soroti on one of the two main roads linking northern and southern Uganda after a six-hour battle on Wednesday.

When soldiers of the former Army Commander, General Basilio Okello, pulled out.

The NRA's eastern commander, Matiya Kyaligonza, said he lost two dead and three wounded, while the other side left behind seven dead.

He said the defending force appeared demoralized.

The NRA force had advanced another 10 miles to the north yesterday.

Students at the East African flying school, on the outskirts of Soroti, said yesterday they were lined up to be shot when the Okello troops received word that the NRA was advancing into the town.

The execution squad abandoned its task, piled into waiting trucks and headed north in panic, they said.

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Portugal's presidential run-off

Freitas woos sceptical south

From Richard Wigg Grandola, Portugal

Almost twelve years after Portugal's left-wing revolution, Professor Diogo Freitas do Amaral, joint candidate of the right in Sunday's keenly contested presidential election, came to the Alentejo to proclaim that he too is "a man of April 25, 1974".

The claim illustrated his strenuous effort to amass sufficient votes in the decisive second round and so become the man to replace President Antonio Eanes, the former Army officer who emerged from the 1974 revolution but who cannot constitutionally run for a third term. All campaigning ends tonight.

Professor Freitas obtained a commanding 46 per cent of the vote in the first round on January 26 against Dr Mario Soares, the Socialist leader and former prime minister, who got only 25 per cent. While Professor Freitas must essentially hold that lead in the north and the middle-class vote in Lisbon, in the south he has to drive a wedge between his rival and the rest of the left which together in the first round obtained more than 53 per cent.

"I am, and will be, a man of April 25 and I accept those democratic ideals. What I cannot accept is the totalitarian deviation from them during 1975 - or that they must mean positive hunger or salaries months in arrears," Professor Freitas went on. A crowd of about 150 convinced supporters applauded but, at a distance, clusters of working class people stood around in this dusty little agricultural town, some 100 miles south of Lisbon, looking absolutely impassive and very sceptical



Professor Freitas do Amaral acknowledges cheers at Cascais, a resort outside Lisbon.

as they listened to Professor Freitas's declaration. During a day's campaigning through the Alentejo and finally onto the Algarve, the 44-year-old Christian Democrat chose to make his declaration here because, as he put it, Grandola "will always be associated with the revolution". "Grandola", the song which described the agricultural workers' struggles and was banned by the authoritarian regime before 1974, became the theme song of the April Revolution. Its singing still evokes emotional memories on the Left, but its author Jose Afonso, a fierce critic of Dr Soares in office, has these days endorsed his candidacy to stop Professor Freitas winning.

In Grandola in the first round the presidential candidate backed by the Communists and supporters of outgoing President Eanes obtained 59 per cent. Professor Freitas 22 per cent and Dr Soares only 12 per cent, half his national average. These figures underline how crucial the Communist vote will be. On the trail through little towns Professor Freitas hammered home the true ideals of April 1974, jobs, social justice and prosperity, can best be achieved with him in the presidency and Senhor Anibal Cavaco Silva leading a government of the same political colour.

The Prime Minister, a right-wing Social Democrat, joined the candidate campaigning in the Algarve, closely linking the future of his three-month-old minority government with the presidential outcome. "There is no valid reason why Portugal should be the least developed country of Western Europe, we are not less intelligent or less hard-working," Professor Freitas declared. But Portugal must have statesmen competent enough to lead the country to higher living standards. Sunday's vote, he emphasized, must above all help to create stability in the country's political institutions. Professor Freitas nowhere mentions that the Social Democrats, now backing him, governed in coalition with Dr Soares throughout the austerity years.

Carter finds Central America eager for peace

From John Carlin Mexico City

Former President Jimmy Carter has said here that all the options for peace in Central America were not being explored, making clear that he believed the Reagan Administration should make greater efforts to promote negotiations among the warring factions in the region. Mr Carter, at the end of a fact-finding tour of five Latin

American nations, said at a news conference that in El Salvador and Nicaragua, where he met both presidents, he had found both sides "more eager for peace negotiations than is generally believed". He would not be drawn on whether he thought Washington was acting as an obstacle to peace in the two countries. But he did note that further US aid to the anti-Sandinista

Contras, as President Reagan is proposing, would make peace more difficult. Mr Carter also said he had found El Salvador's revolutionary leaders - some of whom he met here on Wednesday - to be much more moderate and reasonable than he had been led to believe by their enemies. Earlier on Wednesday, after meeting Mr Carter, leaders of El Salvador's FMLN-

FDR rebel organization said President Duarte had recently turned down a proposal for reopening peace talks. One specific proposal which the rebels said Senhor Duarte had refused to discuss was putting an end to guerrilla sabotage, which has had a crippling effect on the Salvadorean economy, in exchange for a halt to bombings by the US-supplied Air Force.

Debtors in search of a common strategy

From Bailey Morris Washington

Latin American nations have arranged an emergency meeting later this month to develop a common strategy towards the region's mounting debts problem, and the special difficulties of Mexico, which has been hardest hit by the collapse of oil prices. Foreign ministers of eight Latin American countries, after meeting Mr George Shultz, the US Secretary of State, said yesterday they would convene a special session of the 11-nation Cartagena Group in Uruguay at an unspecified date later this month.

The group said that falling commodity prices and the recent drop in oil prices had stretched their economies to the limit, provoking growing political unrest and putting in doubt their collective ability to repay the region's \$360 billion (\$250 billion) debt. Officials confirmed that the meeting had been called at the special request of Mexico, which reportedly plans to propose a programme for itself which the others will be asked to support.

Senor Enrique Iglesias, Uruguay's Foreign Minister, acts as secretary of the Cartagena Group, which has criticized the industrialized nations' global debt strategy. The group last met in December, and demanded at least double the \$29 billion assistance proposed by Mr James Baker, the US Treasury Secretary, in the new debt strategy he announced four months ago. At that time, before the sharp drop in oil prices, the group said that without greater assistance Latin American countries would be forced to reduce their debt payments unilaterally.

Mexico has already indicated that it will be unable to meet payments this year on its \$97 billion debt, and Venezuela, which owes an estimated \$35 billion, has also been hard hit. Officials of the main industrialized countries have been resisting proposals, fashioned largely by Mexico, for interest rate concessions which they fear could lead to a collective request for a massive "writedown" of the loans to about 77 cents on the dollar.

Lange rules out a British request for warship visit

From Richard Long, Wellington

Britain's chief of defence staff, Admiral of the Fleet Sir John Fieldhouse, who arrives in New Zealand today for a six-day visit, will not be bringing any request for a visit by British warships, Mr David Lange, the New Zealand Prime Minister, said last night. Mr Lange agreed that New Zealand's ban on visits by nuclear-powered or nuclear weapons carrying warships would probably be a leading topic of discussion during the admiral's visit, but he said Sir John was familiar with the policy and would not be asking for a visit by a British ship.

"We know he won't be, because the Prime Minister of Great Britain has said that no such visit will take place under New Zealand's policy, and we are not proposing to change the policy," Mr Lange said. Britain adopts the same policy as the United States in neither confirming nor denying that its warships carry nuclear weapons. A British task force is expected to visit Australia

US airline staff 'in drug ring'

Washington (Reuters) - Up to 50 employees of a leading US airline are expected to be charged with involvement in smuggling cocaine worth millions of dollars from Colombia. A Justice Department source, announcing that an airline ring was about to be smashed, declined to name the carrier.

But the chairman of Eastern Airlines, Mr Frank Borman, said later: "We do and will co-operate in every way with the authorities to make certain that none of our airplanes or our employees are involved in that trade." The Justice Department source said the Drug Enforcement Administration, a division of the department, had been investigating a leading US air carrier. Evidence of the cocaine smuggling is being presented to a federal grand jury in Miami.

Pirates rip open freighter's cargo

Bangkok (Reuters) - Heavily-armed raiders boarded a Japanese container ship at sea and robbed it of thousands of dollars' worth of cargo in what shipping agents said was the third pirate attack this month in Thai coastal waters.

Mr Mana Phatharatham, general manager of Mitsui OSK Line (Thailand), which operates the 8,180-ton Panamanian-registered Monte Ruby, said that an unknown number of armed pirates approached in a speedboat and boarded the ship about 12 miles off Panaya. The Bangkok-bound ship had left the Japanese port of Kobe on February 3. Captain Odolo Canonigo radioed for help, but the Thai authorities did not respond, according to the OSK official. Mr Mana said the pirates broke the seals on 18 containers and stole some of the Monte Ruby's cargo, mainly electrical goods and chinaware. The 18 unarmed crew were powerless to stop them. He said the pirate's boat was a speedboat of the type used by smugglers.

Mr Donald Hodel (left) and the adviser he sacked, Mr Lee Iacocca, chairman of Chrysler.



In conflict: Mr Donald Hodel (left) and the adviser he sacked, Mr Lee Iacocca, chairman of Chrysler.

Statue chief removed

Washington (Reuters) - The head of the Statue of Liberty-Ellis Island Centennial Commission was yesterday dismissed because of a potential conflict of interest. Mr Donald Hodel, the Interior Secretary, said he dismissed Mr Lee Iacocca, chairman of the Chrysler Corporation, because he also headed the Statue of Liberty-Ellis Island Foundation, a private group. Mr Iacocca, credited with resurrecting Chrysler from the brink of bankruptcy a few years ago, responded angrily to his sacking. Mr Hodel's statement "was off the wall and in clear contradiction of the facts."

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150 من الأصل

They say life begins at forty. Not so long ago, that's about when it ended.

Today, when someone dies in their forties, we all say how tragic it is that they should die so young.

And yet back in the last century it was common-place to be attending a funeral of a person in their forties.

The average life expectancy was, after all, just forty-two.

Of course, apart from poor hygiene and sanitation, there was no immunisation against polio, diphtheria, tetanus, mumps, measles, whooping cough or German measles.

No real treatment for tuberculosis, diabetes, kidney failure, high blood pressure, heart disease, ulcers, skin disease or asthma.

No antibiotics such as penicillin to fight infectious diseases.

And serious smallpox epidemics were frequent.

Nowadays we take it for granted that all these conditions can be treated.

Why animals are vital to research.

It is thanks largely to the breakthroughs that have been made through research which requires animals, that most of us are able to live into our seventies.

Over the past fifty years, the medicines and vaccines that have been developed from such research, have saved the lives of over half a million infants and children in Britain alone.

Smallpox has been eradicated worldwide. And trials of malaria vaccine may also soon lead to the control of this lethal fever.

Although we can now treat many cancers, heart disease, rheumatism, arthritis, diabetes and asthma there is still a need for safer and better medicines.

And of course, diseases such as multiple sclerosis, cystic fibrosis, muscular dystrophy,

senile dementia and AIDS desperately need more research.

It's not just people who benefit.

Yet people aren't the only ones who benefit from medical science. Research on animals has led to many advances in veterinary practice.

Dogs can be protected against distemper, parvo virus, hepatitis and kidney disease.

Cats are immunised against enteritis and cat flu.

And more research is needed to solve numerous diseases which afflict farm animals.

Among those who supervise research on animals are qualified veterinary surgeons; they along with their colleagues care about the welfare of animals.

Though they care for animals, naturally they also care for people. That is why they use animals in research.

Animal rights or human ills?

Although millions of pounds are being spent to discover alternatives to using animals, few of the techniques developed can replace animals completely in the discovery and safety testing of new medicines.

Until we find an equally valid way of testing medicines for safety and efficiency, animals have to be used.

The ABPI believes that we do not have to choose between animal rights or human ills. With the right kind of approach, both can benefit.

The new legislation can improve the care and welfare of research animals, without hindering the advance of medicine.

Perhaps by the end of the century, with the help of medical research, people will then be saying something a little different.

That life begins at sixty?



Two Mutes (hired mourners) 1901.

Pirates rip open freighter's cargo

Chief removed

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SPECTRUM

Where small is dandy

The imaginary folk of Lake Wobegon are familiar as apple pie to the American radio audience of Garrison Keillor. Now they're available in book form in Britain - but will we appreciate them? Penny Symon finds out

A tall, singular man stands in front of the microphone in a darkened theatre. In a slow, deep voice he begins: "Well, it's been a quiet week in Lake Wobegon, my home town. And, for the next 25 minutes, speaking without a script to a rapt audience, he spins an evocative yarn about life in the small town that time forgot and the decades cannot improve."



The new Mark Twain? Garrison Keillor: "my storytelling is nowhere near as good as people do themselves"

Since arriving in the New World, Mr Keillor tells his audience, the people of Lake Wobegon have been sceptical of progress. Smart doesn't count for much there. "When the first automobile chugged into town, the crowd's interest was muted, less wholehearted than if there had been a good fire. Left to their own devices, we Wobegonians go straight for small potatoes. Majestic doesn't appeal to us, we like the Grand Canyon better with Clarence and Arlene parked in front of it, smiling. We feel uneasy at momentous events."

of the town from its founding by Unitarian Missionaries and the arrival of the first Norwegian Lutherans and German Catholics, to life in Lake Wobegon today, where a thunderstorm is a major event. Lake Wobegon does not exist, but Mr Keillor's mythical town - omitted from the map owing to the incompetence of surveyors - is very much a product of his own small town, Midwestern upbringing in Anoka, Minnesota. The book will be published in Britain - indeed, Mr Keillor arrived yesterday to promote it. But he is still pondering about how the folks over there would react to it when I met him in his tiny office in St Paul.

I wrote the book for an American audience; I worry about them and wonder if they are going to get the jokes," he said. "I hope the British will be amused by it, but really the book coming out in another country is just a luxury." A monologue began to take shape. "I'm looking forward to London. I've only been there once before and then only for 24 hours. "I think I'll create a character from Lake Wobegon who is visiting London, perhaps on a business trip. He writes a letter home about the place, and this will be a big event in Lake Wobegon."

the grand ole opry, the home of country music, to Nashville. "I used to hear their show on the radio when I was a kid, and I loved the fact that it was live, it charged it with excitement. I thought, as I was doing the article, that I could do a live radio show like that, and Minnesota public radio, for whom I was doing an early morning chat and record show, agreed. We began later that year. In the early days, the St Paul audience numbered between 20 and 50 in a hall that could seat 400. But a prairie home companion soon attracted a growing number of followers, and in May 1980 regular national radio broadcasts began. By the end of that year, 193 stations were carrying the programme. And it has been growing ever since. It is sold out weeks ahead, and every Saturday evening about 1,000 people pack the world theatre. Now some Minnesotans feel that something they cherished as particularly their own, which understood their humour and their Scandinavian and German ancestry, has grown away from them. They are sad that their secret pleasure has become public knowledge. But Mr Keillor said that he does not feel that the show has lost its roots. "Everything I really know - about Minnesota, about childhood, small towns, winter, being a Protestant - comes from my life. But the shapes have been changed. I was born in Minnesota and I have lived here all my life. I am a Mid-Westerner, I can't be anything else", he said. "The show is about Lake Wobegon, but I feel that its roots are really in live radio, and in the fact that people enjoy listening to stories."

The Elephant's Typewriter goes under the hammer

A great showman's legend comes to an end with the sad sale of Billy Smart's circus props

Lot 297 is an Elephant's Typewriter. It looks rather like an aluminium chip-fryer (and indeed a plaque on the side says RESTAURANT EQUIPMENT (Halifax) LTD); but it has keys, nine of them, and it prints out GIGI (the owner's name) and IDIOT (a little joke for when the trainer asks Gigi, "What's my name, then?"). Years' worth of ancient ink spells out the two words on the platen in thick black capitals. The typewriter is being sold at auction, not because Gigi has got into new technology and ordered an elephant's VDU-and-key-board, but because all the remaining vehicles, costumes, props, harness and other artefacts belonging to Billy Smart's Circus are going under the hammer next week. On Friday the interested buyers will be admitted to the wind-swept site of the old winter quarters near Windsor and, on Saturday, down will go the hammer on 1,700 lots.

Leotards and llamas' collars

It will knock down leotards and llamas' head-collars, mirrors and bells, the dry-ice machine and the clown's ladder, and a set of peculiar hangings used to transform elephants into reindeer for a winter sleighing tableau. Builders and scrap-merchants, eager for wood and wire and scaffolding-poles, will bid alongside struggling variety artists in search of chicco costumes, and whatever the dubious class of person who turns up to bid for Lots 966-971 (Fibreglass Glamour Girls, six lots), or indeed Lot 956 (Large Novelty Springs). There is something ineffably sad about the whole business.

Down in his faded office, overshadowed by a statue of his vast father, Billy Smart Junior feels the sadness too. "We have no choice. The circus came off the road in 1971; fuel costs were making it too expensive. We carried on doing the television Christmas circuses, and running the zoo here, till a couple of years ago. Me and my brother are going abroad, anyway, now." Where? "I've got a villa in Spain." It seems a limp sort of way for the Billy Smart legend to end. Father Billy started in fun-fairs and branched out into circuses in 1946; within two decades he ran a 20-elephant spectacular. The Smart brothers are keeping the name and "only selling the equipment" but surely, when a circus parts not only with its tents but its very dung-shovel and the sea-lion's klaxon, there is not much likelihood of any phoenix revival?

Young Billy is not maudlin about the old days ("How would you like to feed 20 elephants a day?") but his sad showman's face betrays a certain unease: depression perhaps, or maybe just a longing for the carefree sunny skies of Spain. There, at least, no dusty racks of pink Cossack hats can proclaim their silent reproaches and no life-sized model alligators will loom out of cobwebbed corners at dusk. For it is a haunted place, this old assembly of hangars and frozen sheds. I wan-

dered around it in the cheerful company of Ian McLean who has been engineer to the circus on the road and off for 35 years. "All this lot, harness, everything, used to be on show to the public in the winter, together with the animals in the zoo", he observed. "Aye, everything was spotted in those days." Beneath a sinister bundle of string chain-mail, a large dusty object proved to be an Elephant's Bowler Hat (Lot 749), accompanied by a pair of vast headphones in the BBC style of the 1950s. It's a sign of the times, really; elephants these days are serious creatures, giving interviews in the wild to David Attenborough, fighting to survive. They have no time for frivolities like dressing up in policemen's helmets or dancing about in enormous hane skirts (Lot 878, in case you have a large friend with a taste for seedy disco costumes). Ian remains buoyant, even though every dusty neglected lot contains the memory of an act, or an animal, or a wave of children's cheer. His career has not been unfulfilling. "As the engineer on the road, you've a heck of a responsibility; people who don't see an act tonight won't ever see it. Things must be fixed." Stepping back to avoid a dismantled sousaphone, I stumbled on what looked like a large scaffolding-pole with some odd attachments. "Ah, look at that", he said tenderly. "Twenty years ago I made that new trapeze bar for the girls and instead of the ordinary old shackles, which always gave a jerk at the end of the swing, I used ball-bearings."

His next job is with a fun-fair

There won't be anything quite like that down in the Smart's South Coast fun-fair, where his next job is likely to be. Still, he's always lived in a caravan and still does. Job mobility is no problem for circus folk. After Saturday it will be over: the trapeze bar will go to some scrap-dealer, and many of the props will ooze doubt, end up in chichi Notting Hill curio shops, where upwardly mobile young couples buy amusing stuffed sheep and old ships' engine-telegraphs. Before I left, Ian let me into the secret of the typewriter. There is a thin steel bar across the type levers; before it is removed the elephant can only tap out GIGI, whichever keys it bashes; after the trainer whips the bar out halfway through, the moving trunk can only write IDIOT and the joke is safe. Not new technology at all but good old engineering.



Jumbo sale: Libby Purves with the elephant headgear

Libby Purves

THE TIMES SATURDAY The weekend starts here St Valentine's tale Romance in the Eighties means a line in the small ads rather than hearts and flowers and scented envelopes. In The Hawk and the Blackbird, a short story specially written for The Times by Antonia Fraser, the modern method of courting by classifieds is fraught with pitfalls. Magic of microwave Hot on fast food Island hopping Caribbean peace Portfolio £22,000 to be won Can you always get your copy of The Times? Dear Newsagent, please deliver/save me a copy of The Times NAME ADDRESS

Wisden's twelfth man John Wisden, a Brighton man, stood 5ft 4 1/2 ins and as a demon bowler in the 1850s inevitably was dubbed by Victorian journalists "The Little Wonder". But he was to gain even greater fame. In 1855 he and another cricketer, Fred Lillywhite, set up a London sports gear and cigar depot near Leicester Square. Lillywhite already published a cricket annual and, after their partnership broke up, Wisden launched his own almanack in 1864. It gradually established itself as cricket's most reliable reference book. Ironically for someone who was a formidable player rather than a man of letters, Wisden Cricketers' Almanack is the chief reason John Wisden's name is known today. It outlined its early contemporary and the editor's annual notes have been the most influential voice on cricket issues worldwide since the early 1890s. This coincided with the editorship of Sydney Pardon, whose period in office up to 1925 has always been regarded as the most significant in the almanack's history. He was a partner in the Cricket Reporting Agency, which even after its 1965 merger with the Press Association retained responsibility for the editorial content as it had since 1880. There has always been less mystique attached to the appointment of Wisden editors, with no question of papal white smoke emerging from a chimney at Lord's, than generally imagined. A partner in the agency usually filled the post. By the time John Woodcock took office, though, Wisden's ownership was jointly held by Queen Anne Press and the equipment firm Grays of Cambridge (International) Limited. Last year Mr Wright's biggest problem remains the continued growth of Wisden, which last year had 1,280 pages, reflecting cricket's own expansion in England and overseas. "As the man responsible for the production side, this has worried me for a long time. How it can be contained, I do not know." He believes that both the overseas score cards and the schools section, which in particular is sometimes criticized, should both be retained. Nor will he allow Wisden's traditional format to be altered. "There is no way Wisden's shape will change while I am editor and a director of John Wisden," Mr Wright said. "I would give up both jobs rather than allow that to happen in my charge." To most binding problems arising from the present number of pages, the 1986 edition is already being printed on finer, more expensive paper. In 1984 Mr Wright combined his other Wisden duties with a year as assistant editor of Wisden Cricket Monthly magazine. His writing has covered several sports and includes books on football, famous Olympic figures, motor-cyclist Phil Read, and cricket books in collaboration with Patrick Eagar, the cricket photographer. He came to Britain in 1967 on what was planned as a year's tour of Europe and has worked in London since. After sub-editing on technical booklets for the British Standards Institute, he moved into the sports magazine world with The Game. He plays cricket for the London New Zealand club and for the XI run by statistician Bill Frindall, and jogs regularly. "I suppose it is fair to say that I am not as familiar a figure to the cricket world as some previous Wisden editors, though I hope that will change", he says. "From schooldays, though, I have played and followed the game closely. I have always had a deep love and respect for cricket, both for its romance and the game's literature." He admits that one problem he faced concerned the amended career figures for legendary figures in the past, following modern research by the Association of Cricket Statisticians. "I shall not rush any decisions on this matter and the case for changing any figures would have to be thoroughly proved. "My own logic and historical perspective, acquired with reading and producing history books, would not allow tradition to stand in the way if anything was proved to be inaccurate. "It is, however, a less important issue than making certain that the match reports, for instance, are an accurate reflection of what happens in those matches. The record section is not everything. Wisden to me is a book of record, rather than a record book."

CONCISE CROSSWORD (No 875) ACROSS 1 Scapulus (6) 2 Religate (6) 3 Before (3) 4 Parchment roll (6) 5 Pillar (6) 6 Support (4) 7 Fundamentally important (3) 8 Close off (6) 9 Idle chat (6) 10 Genuine (4,4) 11 Song of praise (4) 12 Movable (6) 13 Handsome youth (6) 14 Angler's pole (3) 15 Thick wood (6) 16 Artificial (6) 17 Run into (5) 18 Cut in pieces (7) 19 Pouched seabird (7) 20 Jester's style (5) 21 Stone bed (3) 22 Many (5) 23 Kettledrums (7) 24 Pair (3) 25 Golden steeple (7) 26 Stone bed (3) 27 Hand bomb (7) 28 German castle (7) 29 Similar (5) 30 Invasive (5) 31 Damp (5) SOLUTION TO No 874 ACROSS: 9 Patechiteicos 9 Rig 10 Pompadour 11 Sistr 13 Accusal 16-Halycon 19 Naked 22 Minuscule 24 Fir 28 National Guard DOWN: 1 Sports 2 Enigma 3 Jopary 4 Rhumba 5 Lair 6 Porous 7 Anax 12 Ten 14 Coverage 15 Ale 16 Humane 17 Lunatic 18 Nougat 20 Kaffan 21 Derric 23 Snow cooking by touch Vicky was studying catering when she lost her sight. Now, thanks to Braille, cooking is part of her life once more. The National Library for the Blind provides books in Braille and Moon, for thousands like her. As well as being a large lending library, we produce many hundreds of books of all kinds every year, from books of reference and the classics to best-sellers - as well as cookery, fortunately for Vicky! Help us to go on being Vicky's lifeline, with your subscription, donation or bequest. National Library for the Blind Rtdn. Her Majesty the Queen 17 Southampton Place, London WC1A 2EN Richard Streeton

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FRIDAY PAGE



Memories are made of this... Malcolm Muggeridge with his wife Kitty, and Leslie and Diana Thomas



Thanks for the memory... Eric Newby with Wanda, Penelope Keith and husband Rodney Tinson, and Carl Davis and wife Jean

I remember it well...

For her Caxton Hall wedding, Diana Thomas wore a striking subergine-coloured three-quarter length velvet cossack-style suit edged with black fur, and black suede lace-up boots. Her husband, author Leslie Thomas, remembers it well. "Diana had on some sort of floral thing", he recalls of that unforgettable day - November 11 1973. Diana has equally fond memories of a November 4 wedding.

Like the famous song from *Gigi* in which Hermione Gingold and Maurice Chevalier share conflicting reminiscences of that never-to-be-forgotten evening, in their romantic past, even the most magic of memories fade with the years. One man's candlelit dinner *à deux* to the strains of a gipsy violinist may, in time, become his wife's family lunch in a punt on the Thames.

Certainly, our memories are reassuringly selective when it comes to those things we choose to massacre in the mists of time. But how on earth can we overlook a single detail of that romantic meeting ingrained forever upon our hearts and minds? Easily, it would seem.



Everyone knows first impressions can be misleading

When conductor/composer Carl Davis and actress Jean Boht spent a pre-marriage semi-honeymoon weekend in Paris they both knew it was something they would never forget. Breakfasts were a high point of the trip. Jean recalls sitting at the pavement cafe opposite their hotel for fresh coffee and croissants each morning. Carl, meanwhile, was back in the hotel room tucking into the delicacies that he well remembers Jean popping out daily to buy at

As St Valentine brings back memories of first loves and romantic encounters, the details may be more clouded by the mists of time than we realize. Some well known names reveal their magic moments to Sally Brompton

the market down the road. As semi-honeymoons go, it was a particularly good one. Their hotel, according to Carl, was "shabby romantic". Jean recalls it being "lumpy as hell". For Carl it was a semi-working trip - he was writing a musical with John Wells - and he remembers Jean joining them each evening "at the studio or in a restaurant". A bit confusing that must have been, since Jean consistently met up with them at "somebody's flat that had borrowed".

For her first ever trip to Paris, Jean packed a couple of "long worsted skirts" - Carl will never forget her in the violet suede. She was also lent some clothes by her actress friend, Jenny Logan, particularly impressing Carl with what he describes as the "enormous number of evening dresses - all sorts of silver things with no back".

The only item Jean remembers borrowing was Jenny's best long grey coat. "Apart from that, I didn't take any smart clothes at all." The little black dress numbers must have gone the way of her Laura Ashley Victorian nightdress of which Carl has no recollection whatsoever.

Anyway, everyone knows that first impressions can be misleading. Travel writer Eric Newby met his Yugoslavian-Italian wife, Wanda, when he was hiding in a hay loft after escaping from a prisoner-of-war camp in Italy in 1943. She first met him in the middle of a field. Her hair, according to him, was long - although "not very long", according to her. She brought him her father's grey tweed jacket and trousers as a disguise. He used the "striped trousers and mechanic's jacket" as an excuse for chatting her up.

No less romantic was former police officer Rodney

Timson's initial meeting with actress Penelope Keith. She was appearing in a Sunday night Royal Gala at the Chichester Festival Theatre in June 1977. He was there, on that warm July day, on a CID security duty. It was a memorable occasion all round. "I had to read something about kings and queens of England", recalls Penny. "Now who was it by?"



Even their first date is a blur

By lucky coincidence Rodney found himself on duty in the corridor outside the dressing room which Penny was sharing with - "was it Sarah Badett?" she ponders. Rodney remembers Hannah Gordon being there. Anyway, he has never forgotten seeing Ingrid Bergman in the flesh, nor how he happily accepted Penny's *Gitanes* despite being a non-smoker himself.

"He did get through an awful lot of my *Gauloises*", said Penny thoughtfully. She was probably relieved that there was no drink in the dressing room - "not while you're actually in the theatre" - or that might have gone the same way. "I'm sure I can remember there being a bottle or two of wine", says Rodney.

Even their first date is a blur. While Penny reminisces over being escorted aboard the police launch, Rodney describes the meal they shared in a little Chichester

restaurant - "I was awfully glad she had two courses and not three because I didn't have much money."

Money was also a problem when Malcolm and Kitty Muggeridge wed in 1927. A schoolmaster in Birmingham at the time, Malcolm was unable to afford a reception following the register office wedding. So the two of them just went for a walk and had dinner together later. So he says, Kitty's version of the post-wedding festivities is slightly different. "My father took us to lunch at a local hotel", she recounts. She even remembers being driven there by Malcolm's best friend, Dr Alec Vidler, in his Trojan car.

"Alec didn't even come to the wedding", snorts Malcolm. "Being a priest he didn't approve of us getting married in a register office." Years later, he and Kitty made amends for the civil ceremony with a service of thanksgiving presided over by Alec Vidler. How many years later? "Twenty-five", says Kitty. "On our silver wedding anniversary."

"Golden", says Malcolm firmly. "Fifty years on." While Kitty and Malcolm dispensed entirely with a honeymoon, Diana and Leslie Thomas spent a happy day in Brighton following their marriage - whenever it was. "We caught an early train", says Leslie, which presumably got him there somewhat ahead of his bride who remembers going down by car.

"We walked along the seafront, hand-in-hand", enthuses the *Virgin Soldiers* author, who had just put his memory publicly on the line with his autobiography. Whoever's hand he was holding on that blowy autumn (him) bright wintery (her) day, it could scarcely

have belonged to Diana since she was wandering through the lanes looking at antiques at the time.

Their independence was in evidence even on their wedding night when the woman who owned the restaurant opposite their house in Richmond, Surrey, invited them over for a free meal to celebrate. Well, she invited Diana at any rate. Leslie has clear memories of her bringing over a cake - "or was it some sort of dish?" - which he presumably ate in solitary splendour while his bride dined in style over the road.

Some time after we talked, Leslie Thomas remembered something else about his wedding. "It can't have been 1973", he telephoned to say. "It must have been 1970 - after all, our son's 14." Or could it be their daughter...?

Baldness: here today and hair tomorrow?



Just over ten years ago, members of the House of Commons were able to compare two types of hair transplant; almost at the same time one member had had a thin flap transposed to the front of his scalp, the other had multiple transplants. Both did well but in neither case does the result look entirely natural.

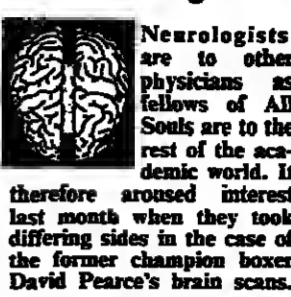
The members are not alone in their anxiety to fight baldness. Recent claims that a variety of creams may achieve results as good as surgery have excited considerable interest. Two preparations are available over the counter, but as yet no controlled clinical trials have been published in the medical journals.

The third preparation, Regaine, manufactured by Upjohn, has just completed clinical trials in the States. Trials have started in this country and the manufacturers say the results are as encouraging as they have been in the US. Upjohn hopes the product will be marketed within a year or so.

Regaine is a topical preparation made from minoxidil, used to treat persistent or severe high blood pressure. It was noticed that it caused hirsutism in some patients, but was not always selective as to where the hair grew. Taken orally, minoxidil also has other side effects, but if it is made into a cream or lotion side effects have, so far as the American trials have shown, been entirely absent and the hair has only grown where the lotion has been applied.

MEDICAL BRIEFING

Early search for brain damage



Neurologists are to other physicians as fellows of All Souls are to the rest of the academic world. It therefore aroused interest last month when they took differing sides in the case of the former champion boxer David Pearce's brain scans.

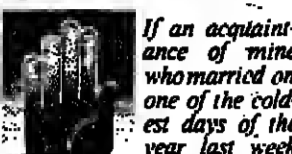
Although some doctors thought his early scans showed signs of chronic brain damage, the majority only became alarmed when a later scan showed an area of translucency about a centimetre in diameter which had not been noted previously. Areas of translucency are usually associated with a frank haemorrhage, and even though it was impossible to demonstrate any physical or mental signs of damage they felt that his boxing licence should be withdrawn.

The minority contended that as he was symptom-free and there was no evidence that the change in the scan was due to boxing it was unfair to ban him. David Pearce's appeal against the ban was withdrawn.

It is hoped that by using routine scanning doctors will be able to detect changes in the brain before lasting damage is done; once damage is established it tends to be progressive, leading eventually to the degenerative changes associated with the punch drunk syndrome.

Although David Pearce's doctors were acting with scientific detachment, in other cases involving different specialities medical opinion has sometimes been biased by sympathy for a man whose livelihood was at stake. The Boxing Board of Control quotes cases where boxers with retinal haemorrhages have been given medical certificates of fitness. To improve the standing of the sport stricter recommendations, which will include classes on brain scans, are expected to be approved by the Board in the near future.

Take the chill out of chilblains



If an acquaintance of mine whom I met on one of the coldest days of the year last week had given his fiancée a course of Pernavit tablets along with her engagement ring, he might have saved himself five very anxious minutes waiting for her in the register office. Her late arrival was not due to lameness caused by a severe attack of chilblains.

Chilblains are the most common manifestation of tissue damage from excessive chilling. If people then warm their extremities too quickly damage occurs. You can avoid chilblains by wearing warm socks and woolly boots; a spray, Aspellin, can be helpful, provided the skin is not split. Patients who suffer regularly can often be helped by taking Pernavit, a combination of aceto-menaphthone and nicotine acid, three times a day.

The acute pain of adhesions

Past-operative abdominal adhesions are frequently blamed, by patients for giving rise to low grade, recurrent abdominal pain, and as doctors are frequently unable to think of any more likely diagnosis they find it tempting to agree.

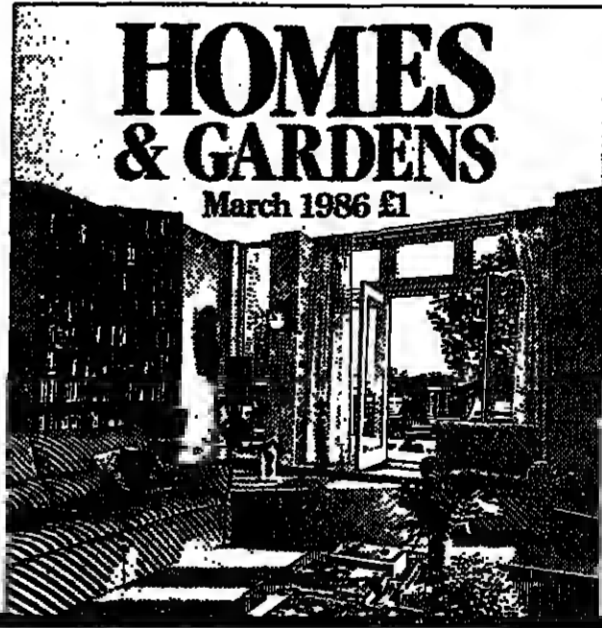
Professor Harold Ellis has written in the *British Medical Journal* on adhesions. He estimates that one in 20 people in England have had their abdominal cavities opened by a surgeon and in his experience 90 per cent of these patients, or two million people, later develop adhesions.

Although adhesions occasionally give rise to acute abdominal obstruction they do not cause the vague symptoms of abdominal discomfort for which they are blamed.

Professor Ellis says that adhesions never grumble, they are either totally silent or they cause the acute symptoms which demand immediate treatment.

Dr Thomas Stuttgart

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MAGAZINE

Mere child's play

For some weeks now, I have been looking after my two small children, single-handed except for the help of a Swedish air girl, several hundred friends and acquaintances and the occasional appalled passer-by.

FIRST PERSON Anthony Rouse

He will find me crippled but mentally as sharp as the razor with which I propose to commit double murder next Saturday at dawn. I love the dawn. I hadn't seen its majestic beauty since the Army tried successfully to kill my gay and independent spirit in the winter of 1953. Now, I've seen it 21 times in the last 24 days and each time it has taken what remains of my breath away. I love Saturdays now. There was a dreadful time when I spent Saturday mornings lolling in bed drinking cups of tea and reading a newspaper until it was time to get up and have a drink and read another newspaper. But now, and for a few joyous Saturdays to come, I am a chauffeur, driving the

petulant and over-privileged to cubs, brownies, judo, gymnastics, chess and vicious tea parties. If I had a defect, it was perhaps impatience. I can suggest no better way of improving self-control than to sit for three hours each Saturday in a west London traffic jam. I find also, despite what my several employers have said about me, that I am a natural executive. Decisions flow from me quite effortlessly at the rate of about five decisions every eight seconds. "Yes" to more orange juice. "No" to another chocolate biscuit. "No" to an advance against future pocket money. "Possibly" to a proposed visit to some ghastly safari park. "Absolutely not" to demands that bedtime be postponed. I won't postpone the children's bedtime because I can't wait for it: the rigorous intellectual argument over

who goes first in the bath; the thrilling hunt for a missing pyjama bottom; the pleasure of reading to my daughter a social tract masquerading as a badly written adventure story; the quiet moment of humility when I admit to my son for the 95th time that I cannot take a Ferrari from a Lamberghini. I love my quiet evenings. Imagine this evening. At 9pm I am stretched out on the drawing room sofa, with a jar of Valium at my left hand, a tankard of whisky in my right hand, and the 43rd cigarillo of the day clenched between my teeth. I am listening happily to the music of the washing machine in the basement. Soon, its mood will change from andante to allegro vivace. Then the infernal object will conclude its cycle and I shall while away the hours until dawn, happily ironing four million pairs of underpants and a Royal Stewart kil.

THE TIMES DIARY

Jeremy's jaunt

Unlikely as it sounds, Jeremy Thorpe is in Uganda selling prefabricated huts to the villagers...

On the wing

Many people know that Labour MP Tam Dalyell is an old Etonian with an historic, privileged background...

Draw your own

One disturbing fact to emerge from a new Faber biography of Richard Rogers, next month, is that Britain's leading architect survived his training despite, rather than because of, his draughtsmanship...

Down the pit?

Students at Manchester Polytechnic are facing a loss of £10,000 over an act of solidarity with militant Merseyside miners...

Looking ahead

Despite the reports that he is bound for London, Nelson Mandela will be going to lofter places than Oliver Tambo's pad in Highgate if his wife Winnie gets her way...

Left out

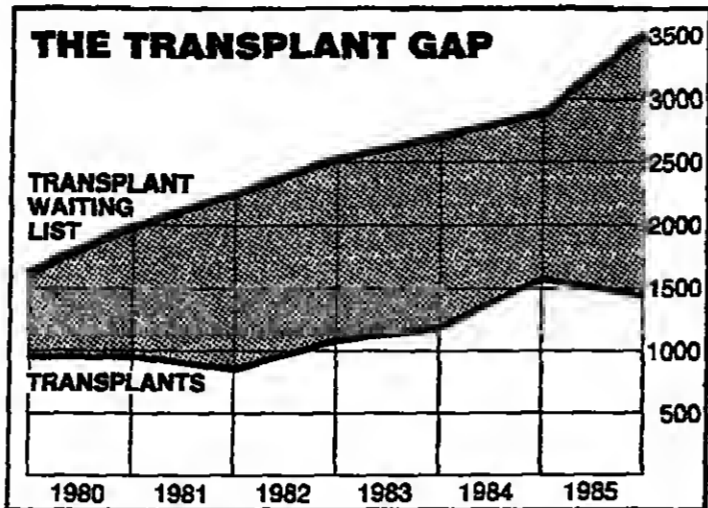
Jane Gabriel, who created a furor over her sympathetic portrayal of the Greek communists in the Channel 4 series Greece: The Hidden War, has pulled out of a debate at the LSE today...

PHS

Kidney transplantation in Britain is in one of its perennial crises. Last year, with fewer donor organs, the number of transplants fell by 124...

Nicholas Timmins offers a solution to the shortage of donor organs that now condemns hundreds to death

A new lease of life for transplants



Gallup surveys show that between January 1984 and January 1986 the number who had a card rose only from 20 to 21 per cent.

The idea of a central computerized register of people willing to be donors has been around for some years. Its advantage is that once people have made the decision, the record would be permanent...

But the DHSS thinks such a register would be too expensive; its estimated costs are £5.7 million to establish and £1.5 million a year to run.

An opting-out scheme, which would allow surgeons to take organs unless the patient had previously registered an objection, is the favoured solution of pressure groups such as the British Kidney Patients Association.

The evidence, in any case, is that opting-out schemes do not significantly increase the supply of kidneys. France has an opting-out scheme but still cannot meet requirements.

people "Are you an organ donor?", would ensure that all patients and relatives would be asked the crucial question as a matter of routine.

Initially that would be controversial. But everyone is already asked their religion and next of kin so that contact can be made, if necessary, with relatives and a priest.

Also in the short term, a publicity and education campaign aimed at doctors and nurses is needed. Transplant surgeons have already put such a proposal, expected to cost several hundred thousand pounds over three years, to ministers.

In the long term the answer may well lie with the next census in 1991. Asking everyone whether they are prepared to have their organs used would add little to the cost of the overall census.

Hospital records already contain name and date of birth which could be checked against a central computer registry. Doctors and nurses in intensive care would be obliged to consult the register before life-support machines were turned off.

Here is the crux. There is now overwhelming evidence that the shortage of kidneys is not due to reluctance to donate - Gallup finds only 20 per cent positively against - but to the reluctance of doctors and nurses not involved in transplants to ask.

Gordon Williams, the transplant specialist at Hammersmith Hospital in west London, says: "Too often, when we ask doctors if they will refer possible donors they say they never get anybody suitable. We know damn well that they do."

So what should ministers do? Their ideas at present are either conventional or bizarre. Some building societies and banks have been persuaded to take donor cards. The CBI and companies will help promote them to their workforce.

Such a system need not cost a great deal of money. Even if it ran into millions, it would still be minuscule compared with the cost of the transplant programme overall.

Donor cards will not significantly increase the number of organs available for transplant. Twenty-five years after Britain's first transplant operation, a bold and imaginative programme is called for. Neither the patients in the transplant queue nor the clear majority willing to have their organs used will thank ministers if they fail to act.

David Watt

Suitable suitors for industry

Is it better that ailing pieces of British industry should be entrusted to (a) the Americans (b) the Europeans (c) the Japanese (d) the British government (e) the Receiver? Do not tick more than one choice.

The political debate started by the Westland affair and continued by the row over the sale of bits of British Leyland has essentially been conducted in terms not much less crude than this. With good reason, hurt British nationalism, scarcely veiled anti-Americanism, free-market ideologies and industrial vested interests have combined to create a swirling fog of emotion through which can be dimly glimpsed the groping figures of ministers bumping into each other, but virtually nothing of the substantial issues involved.

Pursuing this line of thought, I have spent some time asking a variety of industrialists and bankers the naive layman's question: "What criteria would you apply in the British national interest in deciding whether a particular firm in this country should belong to foreigners?"

The immediate reply, of course, is: "Provided you are talking about new foreign investment, involving new plant and offering fresh jobs where none existed before, there shouldn't be much objection from anyone - except possibly indigenous competitors and they ought to be made to lump it."

The second answer (assuming that a take-over is involved) is that the decision depends on the size and nature of the business. Unless as may be true in the case of Westland, some military or strategic consideration is involved, small or medium-sized firms ought to be left to the mercies of the market (though if an outside giant seemed systematically to be swallowing up a whole British industry piecemeal, some of my informants would take a different view).

In the case of a large company, a lot of factors come into play. How many people does it employ? Does a large component industry depend on it? How much research and development does it conduct in this country? But these questions are given their real significance by another: Where will corporate decisions be taken?

Everybody I consulted stressed the crucial importance of this point. They were not simply putting forward the familiar argument that a world-wide company strategy devised in, say, Detroit may suddenly call for a ruthless shift of capacity from Britain to a country where labour costs and consumption patterns appear to beckon.

moreover... Miles Kingston

Readerkins, I'm broken-hearted

I can't believe it. I really can't believe it. I can't believe my stinking, rotten, terrible luck. I thought that St Valentine's Day would bring this column a flood of personal ads and I could pay off a few of my debts.

It's enough to shake your faith in capitalism. I was brought up to believe that if people got something for nothing they would be prepared to pay a lot more to get it expensively. Water, for instance. One day it's dripping down the hillsides and everyone gets it for free; the next day you've got water boards and the government is preparing to sell them off for millions.

In the Official Unionist Party McCusker and Taylor had a bruising battle for the party's European Parliament nomination, with Taylor emerging as victor by 13 votes.

However, the innately conservative Unionist community will probably back the Molyneux-Powell argument for integration with Britain as the one creating least confrontation with Britain, allowing them to "muddle through" without the risk of venturing into the unknown.

No wonder Molyneux and his heir apparent, the Rev Martin Smyth, are thought to be biding their time, ready to strike back at their rivals for the leadership and in the process to destroy ideas they would dismiss as dangerous and fanciful.

people's designs, based on research and development money spent elsewhere.

These are important, even vital considerations, but they can be to some extent taken care of at any rate in the short term, by the kind of "assurances" that Messrs Britan and Channon have told everyone they would get from American buyers.

What cannot be covered by any amount of assurance is the psychological essence of the matter, which is that managers' attitudes and decisions are powerfully influenced, and often determined, by where they are situated when they take them.

An international board, meeting regularly in London or Birmingham, will contain a majority of men whose thoughts are conditioned by reading British newspapers, watching British television, lunching predominantly with British suppliers, agents, salesmen and clients, having drinks in British pubs and clubs, sending their children to British schools and dealing with British tradesmen, plumbers and dustmen.

So long as they are obliged by their job to reside here, it doesn't make all that much difference whether they are themselves British, German, Dutch or American; their activities will tend to be "infected" by British considerations.

History is replete with illustrations of this "location principle", ranging from age-old ultramontane complaints about the Italian complexion of the Roman Catholic church to the recent argument about whether BNOC should go to Glasgow, Aberdeen or Dundee. What gives it its sharp edge in Britain at present is unemployment. On this, I found striking unanimity. Everyone I talked to in industry and banking, including the most Conservative, agrees that national stability and prosperity cannot survive if many more British jobs are to be put at early or medium-term risk by foreign takeovers, whatever the arguments for letting market forces work to the long-term advantage of consumers. One banker summed up the mood: "We're no longer strong enough to proceed from principle. We just have to bargain with what charms we have, and say 'I won't marry you, unless you will live in my town'."

The reaction of free-market enthusiasts to all this would no doubt be that it is typical corporatist heresy, like the Aldington Report a few months back; but, as I read them, my correspondents imply a fairly limited strategy. This states: (a) we should try to defend only some key industries, such as cars, on which a lot of employment directly and indirectly depends; (b) there is no objection to limited cross-holding and minority holdings by other countries, provided that the British firms remain free-standing under the control of independent boards located here; (c) it doesn't matter much whether these outside interests are American, European or Japanese so long as the main conditions are observed; (d) if the conditions are not observed, then the government should swallow its free-market principles and step in to protect British jobs.



Taylor: liaison but no interference

Belfast. Something resembling a schoolboy smirk crosses James Molyneux's face every time he reminds his Official Unionist supporters of Mrs Thatcher's troubles - Westland, growing personal criticism and declining popularity.

To the Unionist rank and file the message is that this general unpopularity has coincided with the odium she has attracted in Northern Ireland since signing the Hillsborough agreement with Dublin. If this is so, it is argued, she may soon be seeking support wherever she can find it, and, on Hillsborough, at least, might well be for turning.

It is a seductive argument, but deludes few with experience outside the narrow confines of Northern Ireland. They recognize that Unionists have few friends at Westminster and even fewer among the general public, and are convinced that Britain has little desire to maintain the Union.

Indeed, many fear that Northern Ireland may provide Mrs Thatcher with just the issue to reverse her declining fortunes, by rallying the public to her side with robust defence of the agreement.

But as Molyneux and Ian Paisley, leader of the Democratic Unionists, prepare for another meeting with the Prime Minister at the end of this month to demand that the agreement be scrapped, the Unionists are starting to think seriously about their future. If nothing else the agreement has forced a debate within their ranks about their relationship with London and the Irish Republic.

By-election votes had not even been cast when John Taylor, official Unionist MP for Strangford, outlined his idea. He has since been followed by two other ambitious and younger politicians - Harold McCusker, deputy leader of the Official Unionists, and Peter Robinson, heir apparent to Paisley.

While all three insist the agreement must be scrapped before they talk about the future, their ideas implicitly recognize its diagnosis of the problem and its remedy. They are apparently signalling that if there must be links with the Irish Republic, as indeed they seem to accept, then it is better that Ulstermen are

Still no takers for Hillsborough, but Richard Ford finds a growing awareness of Northern Ireland's political realities

Unionists edging towards the unmentionable

proposals deliberately vague, insisting they are intent only on opening debate among Unionist supporters. They know the risks involved in conceding any link, however tenuous, with Dublin or on "power-sharing" with the SDLP, the refusal of which was made a point of principle in 1974.

Supporters of such an approach accept that they are implicitly criticizing Unionism's past and present leadership, but they fear that the alternative of doing nothing leaves Unionism open to a humiliation similar to that of last November, when they were left standing outside the gates of Hillsborough Castle.

Defending his position, McCusker said bluntly: "The politicians and political parties have shown they have no monopoly of ideas as to how we can get out of the predicament we are in. The past generation of politicians failed to save Stormont; this generation has failed to regain it and has let it slip further behind." He could have added what others are saying in private - that for all the talk of influence at Westminster and of Enoch having Mrs Thatcher's ear, they failed utterly to stop the agreement being made.

However, McCusker is recognized by friend and foe alike as a mercurial figure with erratic judgement. Almost four years ago he was at the centre of controversy over suggestions that he would not support a Roman Catholic for the job of chairman of the Northern Ireland Assembly's education committee, but in the aftermath of Hillsborough he indicated that his supporters

would prefer to be governed by a Catholic from the North rather than a Dublin minister.

After the banning and rerouting of Orange marches in Portadown last year, he said he would no longer give the RUC unqualified and unquestioning support, having seen plastic bullets being fired, he demanded greater control over their use.

The critics are also attempting to improve their image in Britain, particularly with Mrs Thatcher, so that in the event of a confrontation on the streets they will be able to argue that they tried to suggest a constructive alternative to Hillsborough, leaving the SDLP painted as the obdurate party.

So far there has been little outright public opposition to their ideas apart from requests for clarification and quibbles about the timing. But no one is in any doubt of the difficulties ahead. The DUP would find it hard in the extreme to sell the idea of partnership government with the SDLP to its rank and file. It would need the imprimatur of Paisley himself, at present he is strangely quiet, either through lack of ideas or from a judicious desire to see which way the wind blows.

In the Official Unionist Party McCusker and Taylor had a bruising battle for the party's European Parliament nomination, with Taylor emerging as victor by 13 votes. The leadership must hope they squabble again. If not, they could form a formidable alliance, with McCusker drawing support from the border constituencies and working class, and Taylor from the east of the province and among the better off.

However, the innately conservative Unionist community will probably back the Molyneux-Powell argument for integration with Britain as the one creating least confrontation with Britain, allowing them to "muddle through" without the risk of venturing into the unknown.

No wonder Molyneux and his heir apparent, the Rev Martin Smyth, are thought to be biding their time, ready to strike back at their rivals for the leadership and in the process to destroy ideas they would dismiss as dangerous and fanciful.



McCusker: the politicians have failed



Orangemen on the march: which way will they turn?



'If I can't find you a window seat, would sitting by a crack do?'

Handwritten Arabic text at the bottom of the page.



1 Pennington Street, London E1. Telephone 01 481 4100

LETTERS TO THE EDITOR

ON THIS DAY

FEBRUARY 14 1872

The insurrection in Paris began in March 1871 and the Commune was proclaimed on the 28th. On May 25 the insurgents murdered the Dominicans of Arcueil in the Avenue d'Italie. On May 28 the city was captured by government troops and during the following year a number of communists were executed for the murders.

THE MASSACRE OF THE DOMINICANS (FROM OUR SPECIAL CORRESPONDENT)

VERSAILLES, FEB 11 It is with the examination of the witnesses that the real business of the Court-martial may be said to begin and the evidence was yesterday immo- sally to the point. A few witnesses were, indeed, brought into court who might have been much better kept out, as they had nothing to say and only wasted time; but, on the other hand, three or four gave crushing testimony against at least one of the accused - Serizier. Four of the witnesses were actually among the hostages marked down for slaughter, and some of their adventures would be almost too startling and improbable for a novelist to believe. One witness, who came before the Court in his Dominican's dress, a white, coarse gown of flannel, with black, hooded cloak, and whose jovial red face, bright eyes, and luxuriant moustache and beard made the Federés banteringly remark that "he would be a capital colonel," I have already referred to as the priest who having changed his ecclesiastical for civilian's clothes, was enabled to lag behind and escape when his Federal escort hurried on in a flight out of reach of the Versailles bullets. He could say nothing about the actual massacre except that he found the bodies of his friends bearing marks of the most revolting treatment, some of which he declared himself unable publicly to describe; but his evidence completely bore out what I have already written about the plundering of the hostages when they were first arrested, and the brutal insults and threats which were almost incessantly heaped on them. Another witness - a priest - had been with the victims all through, and had had an almost miraculous escape. When they were brought out of prison for the last time, he saw the Federés, drawn up in the court to receive them, load their rifles, and he heard a woman near him tell one of the men to "keep the trigger full-cocked, that not one of the — might escape." He and the rest then received the order to leave the court one by one - an order which was not, however, obeyed, as about eight of the priests stepped out together. In an instant he heard a volley, and saw two of the eight fall to the ground, and he then fled, he scarcely seems to remember how or where - he ran until he was taken into a house, allowed to change his clothes, and kept hidden in the cellar for an hour until the Versailles troops carried the street. He found bullet-holes in his coat, but had received himself no injury whatever. He attributes this marvellous escape to the fact that most of the Federés especially the more ferocious - were so drunk that near to him as they were they could not take accurate aim, and besides, as every man selected at pleasure his own target, a great many shots were wasted upon those hostages who, being already wounded, could not run quickly, to the neglect of less conspicuous fugitives who had never been touched at all.

Another witness had had, if possible, a still narrower escape. When he heard the firing volley, and saw some of the monks fall, he rushed up a staircase close by - how many flights of stairs he declares he has no recollection - but was peremptorily driven down again by a woman, who declared that he would compromise the house and get all its inmates shot. He ran down at once, and the Federés being busy loading and firing at the flying or the slipped monks, he was able to slip by them and get into a cellar. Not long afterwards he heard a party coming down to search it, and, finding a doorway in one of its corners, he passed through and held the door fast shut from the inside while they tried to open it. They thought it was locked, and went away. Fearing another search there, he went up into the street (I ought, perhaps, to have mentioned that he was in lay dress, and had therefore a chance of passing unnoticed), but was soon stopped by three National Guards, who wanted him to stand up quietly and be shot then and there like a good citizen. He protested most energetically that nothing would induce him to consent to being shot until he had gone through some sort of trial; that he was as good a Republican as they were, and that the very least they could do was to take him to an officer. If the officer sentenced him to death, then he would stand up with his back to a wall and be shot like a citizen and a man.

They simply do not have the time for selective shopping, nor do they have the skills or the facilities for the advanced cookery Mr Anderson suggests. He says, "I assume home-made bread throughout." I suggest he tries to make bread with the equipment available in a typical student residence. Yours faithfully, MARY FELLGETT, 48 Northcourt Avenue, Reading, Berkshire, February 5.

Meaningful terms

From Mrs Henrietta Griffin Sir, When in New York some years ago, a friend of mine had to be taken to hospital very suddenly. I bought him a pair of pyjamas and the label inside read, "Specially tailored to fit the human figure". Yours faithfully, HENRIETTA GRIFFIN, Barton's Cottage, Bushy Park, Teddington, Middlesex, February 5.

Cross-subsidies on legal fees

From Mr Donald R. Chilvers Sir, May I, as someone who was closely involved in the independent review of fees for criminal legal aid work at the Bar, comment on the two articles which have recently appeared in your newspaper on this subject. Both your leader (February 11) and Mr Levin's article (February 12) imply an air of unreality in the debate. The leader suggested that the profession's own conventions should be streamlined so as to achieve greater productivity. I think this was also Mr Levin's main purpose. Your leader also implied that unreality had crept in to the extent that a criminal barrister's supplementary income from civil work should be taken into account.

The question of productivity is a fair one; we would have expected it to be raised in any negotiations. The Bar are willing to address it, but the Lord Chancellor's Department have declined to negotiate and questions of productivity have therefore not been discussed. To suggest that criminal barristers should cross-subsidize their criminal legal aid fees with earnings from other kinds of work is, however, much more dubious. Firstly, it ignores the large number of barristers who specialise exclusively in criminal work. Secondly, those barristers with mixed practices (criminal and civil) in fact do little better than those who specialise in crime.

Most important, however, is that to rely on cross-subsidization to enable barristers to achieve acceptable incomes is to concede that the fee rates for criminal legal aid work do not provide "fair and reasonable" rewards - although the Lord Chancellor has a duty to have regard to this. Yours, DONALD R. CHILVERS, Coopers & Lybrand, Plumtree Court, EC4, February 12.

Museum charges

From Mr Peter B. Miller Sir, I was interested to read in last Tuesday's Times (February 4) of the "virtual halving" of attendances at the Victoria & Albert Museum following the introduction of a voluntary admission fee.

At the York City Art Gallery we suffered a similar experience. After introducing an admission charge of 20p in 1981 (now 50p) attendances fell from 117,000 to 50,000 and have not really recovered since.

It was therefore an ironic coincidence to read the report in The Times on the same day that it was announced that charges were to be abolished at York. Yours sincerely, PETER B. MILLER, Hon. Secretary, The Friends of York Art Gallery, c/o City of York Art Gallery, Exhibition Square, York, February 10.

Battles long ago

From Mr Richard Rhodes James Sir, I was delighted to see in today's feature, "On this day" (February 7), an account of what the introduction described as "military engagements and skirmishes" in the far north of Burma, and the names of such places as Myitkyina, Mogaung and Kamaing. These were remote places indeed and those of us who skirmished in them in the last war cannot have imagined that they would ever again see the light of day. They recall hardship, but also a kind of wild beauty; and also a sense that we are a little less forgotten. Yours faithfully, RICHARD RHODES JAMES, 15 Almoners Avenue, Cambridge, February 7.

Short commons

From Mrs Mary Felgett Sir, Is Digby Anderson's article (February 4) meant to be helpful to students, or is the whole thing a joke? University students as a group are intelligent and hardworking. They have used these talents to pass examinations at school, and at university they are deeply involved in learning how to study further, to assess, to concentrate and to absorb more advanced concepts.

In so doing they enhance their own lives and those of the community they will live in after leaving university, both culturally and economically. To accomplish these things takes more time and hard work than many of their contemporaries would find acceptable.

Some chicken

From the Curator of Marylebone Cricket Club Sir, American takeovers have clearly reached a dangerous level. I have just received a letter from an overseas sporting magazine addressed (complete with post code) to the Maryland Cricket Club, Lord's Ground, London. Yours faithfully, STEPHEN GREEN, Curator, Marylebone Cricket Club, Lord's Ground, NW8, February 10.

Price of change in water policy

From the Chairman of the Water Authorities Association Sir, Your leading article of February 10 is perceptive about the very complex issues involved in the privatisation of the water authorities. But I do suggest that on one aspect you ask the wrong question.

The water authorities have argued consistently for the approach that the Government have adopted in the White Paper - that of privatising the authorities in toto, with their environmental and regulatory functions. We have always accepted that this would need to be subject to stringent safeguards, and the White Paper provides these in terms of the role of the Director General, the strong and positive system of licensing proposed, and the specific power for the Secretary of State to require the privatised authorities to give effect to EEC and national environmental policies.

Furthermore, where the actions of the privatised authorities could adversely affect third parties, we suggested, and the White Paper embodies, a system of appeal, combined with an oversight of water authorities' own discharges and abstractions to ensure even-handed treatment. We believe that such a system can work, and can work effectively. The trouble about transferring the environmental responsibilities to a new outside public body, as you suggest, is that it splits the operational management of the system from the functions of resource management and environmental regulation.

We have experience of just such a structure - it existed prior to 1973, and it led to grave inefficiencies and duplication of effort. The tensions produced were by no means creative, and the introduction of all the functions in the water authorities was generally seen, both here and abroad, as a major step forward.

Gospel to cities

From the Reverend Prebendary Patrick Dearnley Sir, Your leader, "Taking the Gospel to the cities" (February 4), is an encouragement for those involved in ministry in inner-city areas. Some of us had begun to doubt whether your columnists and contributors who have commented on Faith in the City have even been inside a high-rise block of flats, quite apart from having any sympathy with the recommendations proposed by the Archbishop's commission. It is good to have your recognition that urban mission may require a different character from traditional patterns of suburban and rural Anglicanism. However your concluding paragraphs contain two references which call for some qualification.

Firstly, clergy and congregations faithfully serving urban parishes will take issue with your rhetorical endorsement of the charge made by some politicians (such as those who criticised Faith in the City before even reading it) that the Church "does not even know its own business in the cities".

Certainly some sections of the Church have appeared not to want to know about what its business should be in the cities; but others working there have been engaged precisely in the teaching and preaching ministry you demand, but have long seen their best efforts frustrated by inappropriate structures, inadequate resources and insensitive decision-making. Secondly, with regard to the

Religion in India

From Bishop Leslie Newbigin Sir, Having just returned from three weeks in India I have read with interest your leader (February 10) on the visits of the Pope and the Archbishop to that sub-continent. The united churches of North and South India will be touched by the thought that the still divided Christians of England are so much concerned for unity in India.

Their growing churches (one diocese of the Church of South India has doubled its membership in ten years) will be interested in your advice about priorities in evangelism, which might perhaps be offered to the shrinking churches in England.

Jobless figures

From Mr Paul Convery Sir, Your correspondent, Ronald Butt (February 6), is ill-advised to take as definitive the figures for the number of people in self-employment in his conclusion that the unemployment percentage overstates the truth. Although the official labour force total (of which unemployment is expressed as a percentage) excludes the self-employed, equally the unemployment figures discount many out-of-work people.

Recent reports of rising self-employment are based on an assumption that trends recorded by the Labour Force Survey in June, 1984, have continued. That same survey, however, indicated that some 870,000 extra people are seeking work, although they are not registered as receiving unemployment benefits and do not therefore appear in the monthly claimant count, which currently stands at 3,407,700. Your readers might also recall that changes to the counting method, introduced in November, 1982, cause the unemploy-

ment total to be artificially reduced. Using the Unemployment Unit's computerised index, we calculate an unemployed claimant total of 3,801,100 - an unemployment rate of approximately 15.5 per cent. That surely is an alarming prospect for the Government. Yours faithfully, PAUL CONVERY, Unemployment Unit, 9 Poland Street, W1, February 6.

ment total to be artificially reduced. Using the Unemployment Unit's computerised index, we calculate an unemployed claimant total of 3,801,100 - an unemployment rate of approximately 15.5 per cent. That surely is an alarming prospect for the Government. Yours faithfully, PAUL CONVERY, Unemployment Unit, 9 Poland Street, W1, February 6.

TRUST IN PHYSICIANS

Privacy in the relationships between lay citizens and experts to whom they turn for counsel and solace is a sine qua non of a civilized society. A society, moreover, which cherishes individuals must seek to minimize the interference of the State and its courts in the freely-given confidences of individuals. The trust extended by clients to professional advisers, parishioners to priests, patients to doctors deserve the widest protection.

The General Medical Council is entrusted by statute with policing that trust. Not before time, it realized this week that the prosecution of Mrs Wendy Savage by the Tower Hamlets District Health Authority exposed to public and prurient gaze intimate detail of consultation and diagnosis. Revelation of case details in a public forum should at the very least have been conditional on the agreement of the patients.

It turns out that the tardiness of the GMC's concern about confidentiality might have prejudiced Mrs Savage's defence. There was a good deal of publicity of the cases before the prosecution started; at least one of the patients willingly identified herself. The tribunal is, rightly, to continue in public, covering itself with a figleaf by referring to cases by patients' initials. There are lessons here.

Yet the GMC's intervention was auspiciously timed. For this week it has revised the ground rules on which it, acting as a proxy for the public, expects doctors to deal with a troubling class of individuals - pubescent girls who turn to doctors for advice about sex without the knowledge of their families. The profound ethical issues raised by medical counselling on contraception for teenage girls should not becomerallying points for sectarian or pretextual institutional amour propre. No good purpose is served by trivializing them.

Mrs Victoria Gillick distinguished herself last year by the energy with which she prosecuted her legal challenge to medical practice. An ambiguity of law was detected and eventually - though not necessarily permanently - settled.

But neither Mrs Gillick nor the British Medical Association are in their own ways innocent of pride. Their reactions to the General Medical Council's stab at tidying-up its rules were both immoderate. Both were unsuited to the jarring complexities of a real world in which doctors are confronted in their surgeries by weeping child-patients.

In the House of Lords last autumn, Lord Fraser of Tullybetton laid down five strong conditions under which doctors could lawfully dispense personal contraceptive advice. They were strictly worded. Yet their very language - words such as persuasion and maturity and understanding - had to reflect the subtleties of human behaviour.

The subsequent revision of the GMC's code has made more elastic the discretion of doctors. The GMC's reasoning, following the advice of its lawyers, is that the contractual nature of the confidential relationship between patient and doctor does not hold for juveniles who in law and in practice are unfitted to enter contracts. But the facts of life are that some girls younger than 16 are sufficiently mature in body for sex and may be mature enough in mind to enter a relationship of trust with their doctor. This the law provides for. And who else but the doctor can judge maturity? Where he judges his patient immature, the contract of confidentiality cannot hold.

The GMC's new rules have to provide space for that judgement, for a multiplicity of possible relationships between doctor, patient and, necessarily, the patient's mother and father.

The law says that in order to protect families (that broad categorization, it should never be forgotten, includes the families-in-making of pregnant teenagers) doctors have to be allowed, subject to conditions, to bypass the bond of trust that ought to link daughters and parents. In Great Britain we have our social structure different from the American, been spared the outcrop of teenage pregnancy and illegitimacy which now so worries policy makers there. But it would be foolhardy complacency not to fear such trends or fail to recognize that the confident, caring, intercommunicating family is outuniversal.

Doctors daily confront the fact of teenage sex. If they are conscientious they will make scrupulous assessments of their patients' emotions, attempt judgement about the capacity of their patients to understand both fact and values and to make, not necessarily with sufficient evidence, assumptions about their home circumstances.

This is to ask a great deal of doctors, not all of whom are fitted by temperament or training for social and personal counselling well beyond the bounds of conventional medical therapy. It is to ask them to put on one side their own standards, perhaps also the dictates of their religion and make disinterested assessments. It is also to ask much indeed of young people, in a sorry state, who may in future have no choice but to confide in a doctor who subsequently might - for the best of reasons - betray that trust.

In counselling teenagers about sex without the involvement of parents doctors are required to make the best of a bad job. They are a disciplined profession required to make judgements in unruly circumstance. The GMC has clarified the ground rules for them, but possibly at the cost of their young and uncertain patients.

THIRTY YEARS ON AT THE KREMLIN

Every five years, the Soviet Union indulges itself in self-examination as it approaches the Congress of its Communist Party. Often the process is little more than a formality: congratulations all round on excellent progress; confidence that the future will bring more of the same.

But once in while, the pattern changes to afford a glimpse of the underside of Soviet society: the all-pervasive corruption; the poverty of the many and the privileges of the few; the arbitrariness of authority. And a discussion breaks to the surface - muted in the columns of the newspapers, more animated in private - about how the vicious circle of economic stagnation and collective disillusionment can be broken.

A discussion along these lines is taking place in the Soviet Union at the moment before the twenty-seventh Congress of the Communist Party which opens in two weeks' time. With the encouragement of the Kremlin, there is a mood for change.

A start has already been made, from the top. Since Mikhail Gorbachev came to power, high offices have changed hands. The diffuse administrative apparatus is being pruned and overhauled to make the lines of command clearer. And at local level thousands of Communist Party officials have been dismissed.

There has even been oblique, but unmistakable criticism of the previous leadership. Leonid Brezhnev has attracted official disapproval for having indulged in a personality cult and for allowing the economy to stagnate. There have been guarded references to the damage done to the country's economy and the morale of its people in the year Konstantin Chernenko was in power. And people have started to reminisce about the events of thirty years ago.

It was on February 14 1956 that Soviet communists gathered in Moscow for their regular Party Congress, the twentieth. It turned out to be a highly irregular meeting.

The new Soviet Party leader, Nikita Khrushchev, concluded proceedings by demolishing most of what his predecessor had stood for. The Stalin era was officially at an end.

It is the ideological heirs of those communists who will be gathering for their Congress in Moscow later this month, and the circumstances of their meeting bear a striking resemblance to those of thirty years ago.

Like Khrushchev, Mikhail Gorbachev is younger and more energetic than his immediate predecessors. He is tired of standing in the wings, and he wants action.

Like Khrushchev, he projects himself as a man of the people. He visits farms and factories, and he talks about socialist democracy, greater popular participation in decision-making and more accountable government.

Like Khrushchev, he is keen on economic change. And like Khrushchev, he has tried to dissociate himself from his immediate predecessors in the Soviet Union's most powerful office and that paradigm of Soviet leadership, Vladimir Ilyich Lenin.

The parallels between 1956 and 1986 have prompted the thought, and in some circles the hope, that the twenty-seventh Party Congress, which inaugurates the Gorbachev leadership, will usher in changes no less momentous than those promised by Khrushchev 30 years ago.

But these hopes are likely to be disappointed. Despite the superficial similarity, Gorbachev is in no sense the mould-breaker Khrushchev was. Gorbachev's language and style of work accord fully with the demands and traditions of the Soviet bureaucratic apparatus. They reveal no independent cast of mind. Gorbachev can see, indeed he has experienced at first hand, how rusty the wheels of the bureaucracy have grown down the years, and he wants to oil them. But he so far given no intimation that he wants - or would even be capable - of removing those

wheels altogether and installing in their place mechanisms that would be more responsive to the needs of the late twentieth century.

Hopes for change are also likely to be disappointed because of the calibre of Gorbachev's administrative team. In recent weeks, some of those who have benefited from his policy of promoting supposedly younger, more energetic and better qualified officials have been encouraged to appear on television to answer viewers' questions. It is part of the new leadership's attempt to present a more acceptable face to the people, to take into account - as Gorbachev himself has been putting it - the "human factor".

But those faces have, with few exceptions, borne witness to the stultifying effects of Soviet bureaucracy, rather than to the promised rejuvenation. But it is past experience that provides the main reason why the hopes invested in the coming Party Congress are likely to remain unrealized.

Even Khrushchev, with all his energy, originality and contempt for the past, was unable to lighten significantly the dead weight of ideology on Soviet society. He put an end to the terror. But he could do little more. To re-read Khrushchev's denunciation of Stalin, delivered in secret session 30 years ago, is to realize just how much - not how little - of Stalin's Russia lives on.

Gorbachev has some forces for change on his side. He is not, as Khrushchev was, in conflict with much of the Party apparatus, nor is he likely to be. He has the younger generation of Party officials ostensibly on his side. He is not, as Khrushchev was, hamstringed by officials inherited from the previous leadership. And he is unlikely to prove, as Khrushchev ultimately did, an embarrassment to the Soviet State abroad.

Gorbachev, moreover, has inherited a population which is more eager for change than nostalgic for the past. What has yet to be proved is that he has the will for change - real change. So far, the signs have not been encouraging.

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THIRTY YEARS ON AT THE KREMLIN

THE ARTS

Television

Channel 4, by its very name, declares that it is not ITV 2 but a station with an upmarket profile. But what about its popular programmes?

Treasure Hunt: Stirling represents a new breed of game show, one where the production team seems to enjoy itself more than the players. But some things never change. Excitement is generated by one of the oldest tricks in the book: beating the clock.

The contestants to the studio desperately deciphering the riddles were rather dull viewing compared to Annika Rice, leaping out of her helicopter and dashing across all manner of terrain in search of the vital clues. Her exuberance and her inimitable Home County accent are an important part of her appeal, but more important is her smile that lasts the entire programme. Long live the dizzy blonde.

Cowdown is an afternoon programme, involving two contestants, performing word and number teases, also against the clock. In yesterday's edition, one of the competitors did extremely badly, which perhaps explains its appeal.

This is a show where failure is glaring and where, because contestants are alone, back-chat and wise cracks cannot be used as a camouflage. It is about as close as one gets on television to a gladiatorial spectacle with winning or losing being the true issues at stake, rather than playing the game.

Starting Out is a drama series of young people. Last night's episode "It's Alright For Some" was like being back in the world of girls' weekly comics with their puerile division of the world into facile stereotypes and good versus bad. However, because we are in 1986, the issues are on looser ballet schools or sixth form sneaks but trade union rights and rape. The overall effect was a most embarrassing type of bathos.

This episode gave a false and crass impression of the world and failed to present the complexities which most adolescents have grasped. In other words, it patronises. A return to the land of *Bunty and Judy* is surely going too far in the wrong direction?

Carlo Gébler



Streetwise: Rat (left) the ingenious guide, Tiny the child prostitute and Dewayne, the little guy

The destruction of family life

The Empty Table (PG) Academy 2

Streetwise (18) Screen on the Green

The Muppets Take Manhattan (U) ICA

Spies Like Us (PG) Warner West End

Contemporary characters in Japanese films spend so much time sitting round the meal table, quarrelling, gossiping and quaffing sake that the English title of Masaki Kobayashi's latest feature - *The Empty Table* - comes almost as a shock. Its opening minutes, the central character - a father of three - returns home to find a note alerting him to food in the fridge. Further into the story, Kobayashi makes eloquent visual play with the family members standing round the bare, oblong table, staring out bleakly in different directions.

These are the signs of an extraordinary domestic cataclysm. One of the family, a student son, has been imprisoned for terrorist activities after a mountain siege played out before the country's television cameras (a real event, this, from the early 1970s). Japanese social codes require parents to share their offspring's guilt, but Kidōji, the father (played by Tatsuya Nakadai - a constant factor in the films of Kobayashi and Kurosawa), refuses to follow the rules. Tight-lipped, he strives to pursue a normal life, but calamities chase him regardless. His wife's sanity breaks after an onslaught on the goldfish tank, while his daughter marries in secret and flees to America. The family unit - like the goldfish tank - is shattered, the table always empty.

To those who recall the flamboyant wide-screen excitements of *Hara-Kiri* and *Rebellion*, the muted, clinical style of Kobayashi's new film may seem a touch cold and academic. But the director's themes remain unaltered. Kidōji joins a long line of individuals clashing with society's rules and practices: Toshiro Mifune's samurai in *Rebellion*; Tatsuya Nakadai's pacifist hero suffering through the Manchurian war in the towering trilogy *The Human Condition*. Other threads link the film to Kobayashi's recent documentary *The Tokyo Trial*, which sifted the embers of Japanese militarism in a similarly cool, inquisitive manner.

Kobayashi uses his new, spare style to build a claustrophobic universe racked with moral conflicts. This is narrative cinema swept clean of frills, economically conveying moods through the bare decor of domestic interiors (little different from the soo's surroundings in prison) or selected glimpses of nature and the seasons. Such a style does not give performers much leeway, and Tatsuya Nakadai's furrowed brows receive the exotic discard from the refuse bin. Other cast members include Tiny, a prostitute at 14, dreaming of owning three yachts; and Shadow, a self-styled playboy who gives blood for money and spends the proceeds on tattoos and hair dye.

There is raucous humour, fragile comradeship and real anguish: during the filming, one of the participants committed suicide. *Streetwise* required much technical ingenuity and fancy diplomatic footwork. How else could the film-makers seep like ghosts into prisons and funeral parlours, catching awful details like the father's Coke can resting on his son's casque? More importantly, Bell and his colleagues found the emotional means to meet their subjects face to face, to gain their trust, share their lives and enable them to spill over some thoughts in voice-over interviews. The result is a social study without sermons or propaganda; a vibrant kaleidoscope of young people, unlikely to grow old, snatching a living from dimes, quarters and their own reckless wits.

"It's totally today and tremendously timeless!" chirps Kermit, the Frog, hawking his musical property round Broadway in the delightful *Muppets Take Manhattan*. The film itself is not quite "today" (the American premiere was in July, 1984) but praise be to the ICA for dusting it down for their present season "Of Muppets and Men" - a comprehensive survey of Jim Henson's puppet creations, lasting until Easter.

Dance

Raw edges

Paul Clayden Dancers ICA

A programme by the Paul Clayden Dancers at Riverside Studios on Wednesday opened both a new tour for the performers and a week of several diverse dance events on that stage.

Clayden's presentation is very professionally arranged and shows his work to the best possible advantage: some good lighting effects, varied and attractive costumes by Alan John, no time lost between items. He is also blessed in his fellow-dancers. Tall, cool Charlotte Hacker and small, neat Elizabeth Lauren are both smooth, stylish dancers; more so in fact than Clayden himself, whose movement has a curiously raw edge to it.

He makes the most of that in his choreography, devising passages of oddly rough, strange movement. The purpose obviously is to express them, an impression confirmed by the specific, if not always apparently relevant, programme notes in the two main pieces on show. There lies a problem: just what it is that Clayden and his collaborators are trying to tell us never becomes clear. It is as if they were talking fluently and vehemently, but in gibberish.

So we watch him scrambling on and off a chair, or shuffling across the floor like a wounded crab; we listen to the eclectic soundtracks devised and prepared by Del Collier with Clayden's help; we see him and the Misses Hacker and Lauren display their ability to roll across the stage, stare threateningly at their audience or shake their shoulders in jazzy manner. It passes the time more agreeably than many shows of this kind.

But the most memorable and entertaining moments are theatrical, not choreographic: a slow, fake bicycle ride without a machine, an episode when, modestly silhouetted behind gauze, the dancers make an amusingly quick costume change on stage. Clayden has not very much content to offer but it is beautifully wrapped.

Geoff Brown

John Percival

Concerts

London Sinfonietta/Masson Logan Hall

Good reviews of concerts can be maddening to read, telling you about yet more of life's little opportunities you let slip. This one, though, is going to be different. The London Sinfonietta are now taking on tour the excellent programme they gave in London on Wednesday night, and can be heard at various points in the Midlands, North and West. Anybody within earshot should take a rain check on how music is sounding just now.

LBS/Steinitz Queen Elizabeth Hall

Cats may prow amongst the pigeons as standards and priorities are hotly debated in certain prominent areas of early-music making, but Paul Steinitz and the London Bach Society walk steadily past.

In nearly 30 years, the cycle has moved in its own gently mysterious way with the performing styles of the times. It would be a superfluous, if not inhuman, phenomenon if all the variables had remained constant. But the stubbornly erratic use of period instruments and the even less reliable standard of solo singing still manages to push the venture into the middle of the road in execution if not in intention. In Wednesday's concert, so much was given - the chance to hear cantatas 136, 113 and 99 - and so much snatched away. The opening chorus of number 136, "Erforsche mich Gott" with its horn solo moving like light, gold thread

whose *Rain Coming* and *Rain Spell* are the overtures for the two halves of the evening. Both are in the sweet, boocless manner of other recent music by him heard here since fashion went his way, with *Rain Coming* being particularly indebted to Messiaen while its companion *Spell*, for flute and clarinet with harp, vibraphone and piano, is more rarified.

London Mozart Players/Vasary Festival Hall

When the Arts Council applies its assorted intellects to the business of running the South Bank, six weeks hence, one hopes that self-defeating repertoire clashes will become rarer. Music critics, who thoroughly enjoy making invidious comparisons, may relish the chance to hear two of London's chamber orchestras, both directed by "pianist/conductors", performing Beethoven's concertos within four days of each other. But the London Mozart Players under Tamás Vasary would surely have attracted a far bigger crowd had the ECO and Earenboim not been offering similar fare this weekend.

The LMP certainly deserved a better house. For the last couple of seasons it has played like a rejuvenated band. It is amazing what a small adjustment, like a sweeping change of person-

achievement here is to co-ceive and execute, oot for the first time, a quite new musical scheme of things: the piece is a solo with accompaniment except that the "solo" line, a long instrumental monologue, is performed by changing numbers of players in unison, who set themselves apart at a special row of music stands.

Paul Griffiths

nel, can do for an orchestra's sound. To Beethoven's Symphony No 4 the violins perhaps lacked the ideal tonal sheen for the Adagio's gliding melody, and at one point in the bustling finale there seemed the possibility of an exciting divergence between front and back desks. But generally the strings played with spirit and finesse.

log. Where the solo is practically continuous melody, the accompaniment is a sustaining mechanism of rhythmic figures. So is avoided the debilitating tendency for accompaniments to be merely background washes. Of course the two worlds collide and confuse one another: that is the work's plot.

Directing from the keyboard to the Fourth Piano Concerto he seemed less certain. His own playing was sharp-edged, impulsively varied in tempo, occasionally over-driven (as in a needlessly frantic first movement cadenza) but always stimulating. He failed, though, to convey this spirit to the players around him, and sometimes also dominated the balance when thematic interest lay elsewhere.

Richard Morrison

His was not the evocative only solo contribution. The LMP's leader, Barry Wilde, gave a pleasant, unpretentious account of the Violin Romance in F, where his well-observed articulation of the quicker episodes compensated for some slight intonation flaws in the languorous main melody.

Theatre

Characters conceived in contempt

Progress Lyric, Hammersmith

For a writer with a gut-loathing for middle-class decadence, Doug Lucie has wound up in the classic position of pleasuring the people he would like to wound.

Such spectators, as Dario Fo once pointed out, like nothing better than being spanked: and last night's audience duly responded with the knowing giggles of people who feel they are being got at and relish every minute of it.

Set in the depraved depths of St John's Wood, *Progress* follows the terminal writhings of a trendy marriage dating back to the bad trips tent of the Isle of Wight Festival. "I like to think we've progressed", says Will, a television researcher whose main energies now go into running a men's group whose members meet to thrash out their attitudes to pornography in an open and supporting atmosphere.



Mike Gwilym and Michele Winstanley

Rannee, his wife, occupies herself with a women's centre specialising in marital battering. One such eye-blackened victim has taken refuge in the house; much to the lecherous interest of the other lodger, a tabloid journalist who delights in making coarse sexist mock of his long-toothed, lefty hosts.

As its 1984 Bush premiere, the first act may have been a miracle of timing and attack. In David Hayman's production it comes over as an exercise in low-energy in-crimination. Everything in Will and Rannee's living room, from their cordless telephone to the bicycle

finally strips them of their last claims to civilizing intelligence and affection. Mr Lucie will not thank me for the comparison, but the effect is strongly reminiscent of the early malicious stories of Angus Wilson.

As the central couple, Diana Quick and Mike Gwilym achieve a certain gritty sardonic authenticity

from characters conceived in contempt. As the pace of the show revved up, I enjoyed Peter Wight as a love-lorn buffoon riding high on valium, and Struan Rodger as the amiably unfeeling Bruce who secures some respect in Mr Lucie's scheme by never becoming attached to anybody.

Irving Wardle

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Our opinion is that Argyll, on the other hand, would make a less than perfect fit with Distillers.

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STOCK MARKET

FT 30 Share 1212.5 (+3.9) FT-SE 100 147.5 (+3.5) USM (Datastream) N/A THE POUND US dollar \$1.4145 (+80pts) W German mark DM3.3269 Trade-weighted 73.7 (-0.3)

Bigger say for SIB

The Securities and Investment Board is to be given increased powers over Self Regulatory Organizations, according to Mr Michael Howard, the Minister for Consumer and Corporate Affairs.

City debut

Templeton, Galbraith & Hansberger, a Bahamas-based fund management group, is coming to the stock market via an offer for sale of 40 million limited voting shares at 21.5p each by Cazenove & Co, the stockbrokers, Tempus.

Williams bid

Williams Holdings, an engineering company, launched an unwelcome £144 million bid for McKechnie Brothers. Williams' bid is conditional on McKechnie dropping its bid for Newman Tunks.

New oil well

Texaco North Sea UK and Britoil announced an oil discovery in the northern North Sea, 100 miles east of the Shetland Islands. This is the third successful exploratory well to be drilled by Britoil under a June-1985 farm-in agreement.

Bank offshoot

The Royal Bank of Scotland has formed a subsidiary to offer a range of debt factoring services to British industry and commerce. Initially it will be based in the South-east, but will later operate nationwide.

Goal stake

Norwich Union Life Assurance has bought 16.5 million shares, or 24.68 per cent, of Goal Petroleum from Morgan Grenfell for £9.5 million, or 57p per share. It has entered into a put-and-call option agreement with Morgan Grenfell over a further 3.5 million shares (5.24 per cent). The call option is exercisable between seven and nine days from yesterday, and the put option between seven and 12 days from that date.

Property chief

Mr Basil Samuel, who has been the chairman of Great Portland Estates, the property company, since 1959, is to retire at the age of 73. He will become the company president and will be succeeded as chairman by Mr Richard Peskin, the present deputy chairman.

Glen disposal

Glen International has disposed of its entire holding in Pyke Holdings in the market.

IN BRIEF

● ELBIEF: Results for the six months to October 25. An interim dividend of 0.532p (0.484p) will be paid on April 10. Dividends have been waived by some directors and their associates. With figures in £000, turnover was 2,048 (1,757), pretax profit 302 (251) and earnings per share 1.43p (1.09p). The company reports a further increase in sales of photograph frames, mirrors and clocks. Orders are also reflecting an increased demand for products compared with this time last year.

BASE LENDING RATES

Table with 2 columns: Bank Name and Rate. Includes ARN, ABC & Company, BCCI, Citibank Savings, etc.

Imperial predicts surprise 23 per cent rise in profits

By Alison Eadie

Imperial, the brewing, tobacco and foods group fighting a £1.8 billion bid from Hanson Trust, has forecast 1986 pretax profits of £290 million, a rise of 23 per cent on 1985.

The estimate was higher than the most bullish City expectations and Imperial shares rose 6p to 291p. The dividend is forecast to rise 25 per cent to 12p net. Hanson shares eased 1p to 153p.

Imperial also announced that Mr Geoffrey Maitland Smith, who is chairman and chief executive of Sears and a non-executive director of Imperial, will become deputy chairman, and Mr Michael Pickard, the chairman and chief executive of the brewing and leisure division, will become group deputy chief executive.

Mr Maitland Smith will head a board committee to look for a successor to Mr Geoffrey Kent, the chairman, when he retires in 1987. Sir

Fector Laing, chairman of United Biscuits, was to have become chairman of the combined Imperial and UB until the merger was referred to the Monopolies Commission.

Mr Kent yesterday turned down a request for a meeting from Lord Hanson, the chairman of Hanson Trust. Lord Hanson had wanted to try to agree conditions for a recommended bid, but Imperial replied: "We cannot see that a meeting would be useful".

Mr Kent said: "We feel very bullish about seeing off this bid." Before Imperial announced its profits forecast, Hanson Trust had issued six questions to ask about those forecasts. Hanson queried the high level of Imperial's extraordinary items over the past five years, the amount of profit from pub sales, the "growth" from loss elimination after the sale of Howard Johnson in America, the amount to be spent on advertising this year, the assumptions on industrial dis-



Geoffrey Kent: rejected request for meeting

putes, which lopped £11.5 million off profits in 1985, and whether there would be any change in pension contributions policy.

Imperial replied that there would be no material extraordinary items this year, no cut in advertising, no change in pension policy and assump-

tions of no major industrial disputes. It quantified sales of retail properties at £20 million against £13.6 million in 1985 and added that the increase in property profits would do no more than keep pace with the increase in trading profits. Imperial accepted Hanson's figures of £13 million loss elimination from Howard Johnson in a full year, but said the figures were in its defence document.

Imperial broke down its forecast to show the brewing and leisure division increasing operating profits by 34 per cent to £130 million, foods up by 36 per cent to £45 million and tobacco up 2 per cent to £125 million.

Hanson Trust has until Thursday to come back with a higher offer. The City believes it will have to pay about 310p to 320p per share and change the structure of its offer by paying cash and reducing the quantity of convertible loan stock.

Radamco bids for Haslemere

By Judith Hamley Commercial Property Correspondent

Radamco Property, a division of the £6 billion Robeco Group, the Dutch fund management company, is making a £179 million bid for Haslemere Estates.

The cash offer of 600p for each Haslemere ordinary share shows a 7.55 per cent discount to the company's last reported net asset value. A revaluation of the properties is likely with net asset value estimated to come through at about 690p a share.

Haslemere has a high exposure to office development in the City of London and throughout the country.

Kleinwort Benson, the merchant bank and adviser to Radamco, says the company has increased its stake from 11.7 per cent to just over 24 per cent. Institutional shareholders sold to Kleinwort at the 600p figure but market dealings yesterday were at 629p a share.

Haslemere was closed in talks with Radamco last night, and there was hope that the bid would be agreed despite Haslemere's earlier rejection.

If Radamco succeeds in acquiring Haslemere, it is likely that there will be a change of management. Radamco Property, with £500 million of assets, has not ruled out the possibility of injecting new management from The Netherlands.

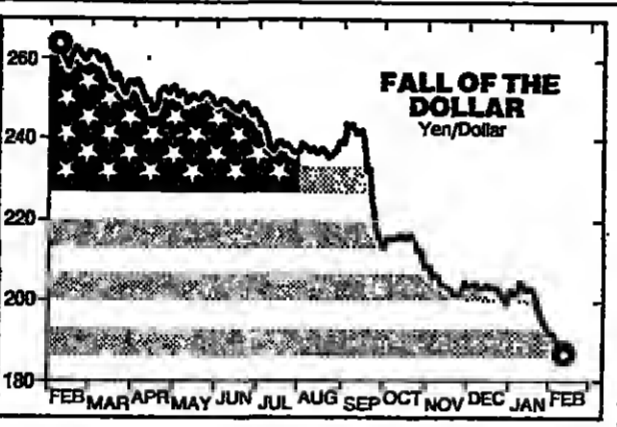
The company says that, despite Haslemere's recent underperformance compared with the rest of the sector, the acquisition would give it exposure to the booming City of London office market.

The takeover of Haslemere would also give Robeco the chance to funnel Dutch institutional money into British property. Dutch funds are again keen to invest in the sector.

Societies Bill 'restrictive'

The new Building Societies Bill, now at the committee stage in Parliament, is too restrictive, Mr John Spalding, chief executive of the biggest building society, the Halifax, claimed yesterday.

He said that he believed that the committee would relax some of the provisions, particularly those on societies changing into public companies.



The fall and fall of the dollar

By David Smith, Economics Correspondent

The dollar has taken over from sterling as the weakest major currency. Yesterday, it dropped to 183 against the yen, its lowest for nearly eight years. It also fell to 2.35 against the mark. The pound, with its own problems, is holding considerably above \$1.40.

Previously, dollar falls have been associated with the threat of new moves to push it down by the central banks acting in concert, or the release of information suggesting economic weakness, and hence lower interest rates, neither apply in this case.

So why is the dollar losing ground, particularly against the yen where this week it has fallen below 185, its lowest since 1978, and the mark?

The first explanation is to do with the fall in oil prices. In the international pecking order of major currencies Japan, entirely dependent on imported oil, is the main beneficiary of lower oil prices, followed by Germany. Britain and the United States, as industrialized countries also in the business of producing oil, are the losers. And, as Mr David Morrison, the currency economist at the stockbroker Simon & Coates points out, the relative position of the dollar and sterling in the event of lower oil prices is not as clear-cut as first appears.

Britain loses out directly on the current account of the balance of payments but the United States, by virtue of the fact that most Opec cash is held in dollars, could lose out on capital account in the event of major investments by the oil producers.

A fall in the oil price hits both the dollar and sterling relative to the yen and mark. If it comes at a time when the markets have already turned against the dollar, then, unlike the pound, which has recovered some of its oil-related losses, the downward trend for the dollar is likely to continue.

A second reason for the dollar's decline relates to the fact that, sooner or later, currencies will tend to move towards some sort of underlying economic value.

Traditionally, economists calculated the purchasing power parities of currencies by comparing relative inflation rates. A more sophisticated method, the fundamental equilibrium approach, takes into account capital movements, and structural change, as well as relative price performance.

A London consultancy, Currency Research Ltd, uses a similar method to calculate fundamental equilibrium values for exchange rates, that is what the exchange rate should be for medium-term external balance in both current and capital accounts.

Mr Michael Nisbet, director of Currency Research, says that, on the basis of an oil price of \$17-18 a barrel, the fundamental equilibrium exchange rates for the dollar are Y165, DM2.00 and \$1.55 to the pound.

In other words, if the markets are bent on pushing the dollar down to levels at which the huge imbalances in the United States' external accounts begin to be corrected, there was a recent trade deficit of \$17.65 billion in December, the dollar has further to go down.

This is not to say that the move towards a "correct" valuation for the dollar will be smooth. The recent history of foreign exchange markets suggests that the dollar is likely to go below its equilibrium value in the traditional overshooting pattern.

It is hard to see an early and significant break in the market's present bearish attitude to the dollar.

IoD chief hits car talks ban

By Edward Townsend Industrial Correspondent

The Prime Minister was yesterday sharply criticized for not allowing the Ford and Austin Rover merger talks to continue.

Sir John Hoskyns, the former head of the Downing Street Policy Unit and now director general of the Institute of Directors, said the decision to halt the takeover discussions showed the Government's lack of resolve and the "strategic confusion" and disagreement within Mrs Thatcher's Cabinet.

He said the Westland and BL affairs had shown the Cabinet to be made of "those who think it through" and those who wait for something to happen and then react.

Sir John said the institute felt the Government had "never been radical enough in the first place". He said although the Government had done some extremely beneficial things, many others had not been carried through to logical conclusions, for example, the reform of the state pension schemes and student loans - "radical reform faltered at the last minute".

To Sir John, the confusion over BL was more puzzling than the Westland affair because Britain was not in the volume car making business - BL managed to capture only 18 per cent of the market - and it had never been in it on a global scale.

"So the idea that the Government can decide not to sell the volume car business as and when it gets a reasonable bid doesn't make sense. Sooner or later, it is bound to happen," Sir John said.

Leyland tops truck sales

UK sales of heavy Bedford trucks fell last month to 464, down from 591 a year earlier, and Leyland took the market leadership from Ford with 748 sales, up from 705.

January heavy truck sales were 4,415, down from 4,565 in 1985.

Ford's heavy vehicle sales also fell but it maintained its lead in the commercial vehicle market with a sales figure of 5,527 (24.1 per cent). Leyland followed with 4,285 (18.7 per cent), and then, GM/Bedford with 3,879 (16.9 per cent).

Clark vows duty before prejudice

By Teresa Poole

Just two weeks into his new job as Minister for Trade, Mr Alan Clark has yet to indicate whether he will bring a new spirit of protectionism to the workings of his department.

His appointment surprised colleagues, not only because of his record of flippant asides - including a now infamous private remark about immigrants and Bongo-Bongo land - but also because of publicly voiced beliefs that British industry would benefit greatly from import controls.

In his new role he will be representing Britain in international negotiations aimed at breaking down trade barriers, and his history of protectionist views looks out of place.

"The views are not seriously shaken, but it's fine to express views when you are a back-bencher without responsibility, but when you are a minister you can't afford the luxury of prejudices." This year he must handle the renewal of the Multi-Fibre

Arrangement, which governs most of the world's trade in textiles, and the run-up to the new round of negotiations of the General Agreement on Tariffs and Trade.

"Negotiation of trading agreements is essentially a difficult and delicate task. But it involves hard-headed bargaining of reciprocal advantage and concessions in an atmosphere of mutual respect", he said.

Mr Leon Brittan, the former Secretary of State for Trade and Industry, made it clear that the MFA's long-term future must be on the table for negotiation at the Gatt talks to help to win trade concessions from the developing countries.

"I don't see any point taking up a hard and fast position before the MFA mandate is agreed and goes to the European Commission, but Mr Brittan's general thesis that the developed countries must be seen to be fair-minded is incontestable", Mr Clark said.



Alan Clark: "We must be seen to be fair-minded"

The preliminary Gatt talks will continue to be dominated by the question of barriers to services. "The sector of British exports where we have the most to offer and obstacles could most easily be removed is undoubtedly in the whole financial services field. I would love to see the whole

world open to UK financial services expertise."

During the second half of this year Mr Clark takes over as chairman of the Internal Market Council of EEC ministers which is discussing a coordinated approach to trade within the Community. The goal is to create a truly free market by 1992. With his reputation for being anti-European, there is concern about how Mr Clark would want to support this.

"I think it's an excellent objective," said Mr Clark, who forecasts considerable progress over the next 18 months.

As for markets, Mr Clark considers the US the principle target for British manufacturers and dismisses the problems of erratic exchange rates.

"If the product is good and reliable and is carefully researched to fill a market need, it and the distributors should be able to smooth out exchange rate fluctuations."

Executive Editor Kenneth Fleet

Beecham will not be purged without a bid

Bid fever is helping to keep the stock market's temperature high. Some rumours of impending takeovers are too rash to be contemplated, even in a market where belief has been largely suspended. Others, rightly, refuse to lie down. In the second category is Beecham Group, the food and pharmaceutical company which by the admission of its own board last November had lost its way and in the opinion of close Beecham observers is no longer equipped to find it again unaided.

For the record, the last formal denial provoked by bid speculation was made on January 30. No takeover or merger discussions "have been held and the company knows of no circumstances which indicate that a bid is under contemplation".

The watershed in Beecham's affairs was in November when Lord Keith of Castleacre unceremoniously ditched Sir Ronald Halstead and blamed him for the shortcomings he perceived in Beecham's management performance over the two preceding years. Lord Keith has fair claims to be the judge of what is right for Beecham, even though, by implication, his judgement in appointing Sir Ronald to the senior executive position was at fault.

Through large trust holdings of Beecham shares, he has a special responsibility. It has not escaped notice that in appointing Jobo Robb to be the new chief executive, Lord

Keith and the rest of the Beecham board have chosen a mirror image of the deposed Sir Ronald. It is therefore hardly surprising that the market has drawn the inference that Lord Keith is not looking to a painful, slow process of rehabilitation, more to a rapid revival of interest in Beecham's value. This view is reinforced by the number of senior Beecham executives who are beating paths in other companies' doors.

As the name of the takeover game is now "Brands", Unilever cannot fail to be interested in acquiring Beecham. It would not want a contest, however. Smith, Kline is known to be interested in Beecham's pharmaceutical division but dismemberment is hardly in Beecham's best interest. The most intriguing would-be bidder is ICI. For it to acquire Beecham would indicate a very serious, and necessary, commitment to major growth in pharmaceuticals.

Beecham is now officially committed to a policy of "not commenting on market rumours". Nonetheless it would be foolish for the board not to appreciate that this once great company is now in a state of unstable equilibrium. The sooner this state is brought to an end, the better. Meanwhile Beecham shareholders should keep their holdings and await events. They should not have to wait too long for the air to clear.

Fog over money supply

The fog that descended upon the City with the publication of the provisional money supply numbers last week, stubbornly refused to clear yesterday. The money supply numbers were good and nobody, not even the Bank of England, was quite sure why.

Final money supply figures for banking January showed a sterling M3 rise of 0.1 per cent, even better than the 0.25 per cent rise originally estimated. Narrow money, M0, rose by 1.4 per cent, it is true, but not even the Chancellor, spared the embarrassment of another base rate increase, was going to worry about that.

Bank lending managed a paltry £370 million rise, after an average monthly increase of £2 billion over the previous three months. This was the counterpart which the majority of City economists fell down on in their guesses of the January moony numbers.

The City's "Young Turks" seized hungrily on yesterday's figures from the Bank hoping to spot the deliberate mistake. Unfortunately, even suspicions about the January seasonal adjustments appeared to be without very firm foundation.

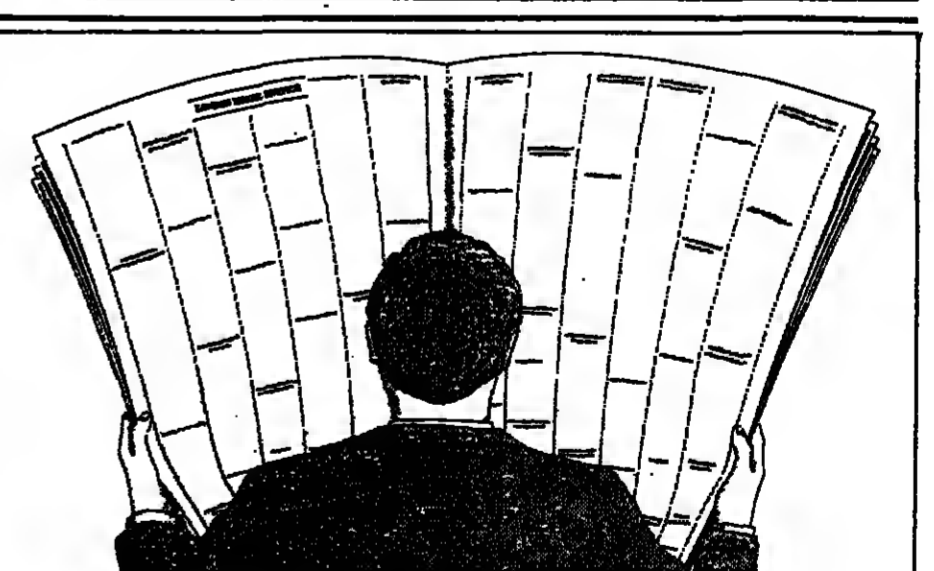
There was, as Malcolm Roberts of Laing and Cruickshank pointed out,

a substantial cashing in of both certificates of tax deposit and Treasury bills in banking January, so the expectation of further interest rate rises in the future.

Peter Fellner, of James Capel, took the view that the erratically low bank lending figure of £370 million could be explained by a natural pause for breath after the very sharp rises of recent months. This was not to say that similarly insipid bank lending figures could be expected to continue. The rush to invest on 1985/86 capital allowances, in particular, was likely to boost March and April lending.

That there was also a true, if not an underlying fall in the reserves, also showed up in the external financing of the public sector. The authorities, while relieved that the right set of money numbers came up at the right time, were offering no assurances that this was the beginning of a new era in which a revitalized and credible broad money target could be introduced at Budget time.

The Chancellor was much more likely to be devoting the monetary policy section of his Budget speech to an explanation of what went wrong rather than self-congratulation because things have suddenly come right.



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COMPANY NEWS

FERGUSON INDUSTRIAL HOLDINGS: Conditional agreement has been reached for the sale to Bowater of the

building supplies division, together with certain properties owned by Ferguson which are used by the division. The consideration, together with the indebtedness of the division, responsibility for which will be

assumed by Bowater, will be £15.4 million and will free resources for the further development of the printing and packaging division.

SECURITY SERVICES: A final dividend of 1.245p (1.98p), making a total of 2.345p (2.98p) is being paid for the year in Sept. 30, 1985. Turnover £270.72 million (£247.6 million). Profit before tax £10.78 million (£10.13 million).

If your accountant suggests that a Rolls-Royce is beyond your means, we suggest you acquire a used Silver Spirit and a new accountant.

One day, you say, you'll own a Rolls-Royce. But not, says your accountant, just yet. This advertisement will show you that your accountant is wrong. It would like to suggest that the day on which you mark your life's achievements by becoming the owner of the best car in the world may be only weeks away. It would, in short, like to draw your attention to the compelling case in favour of buying a used Rolls-Royce.

THE FINANCIAL CASE

For between £20,000 and £35,000 for example, you can have a choice of Silver Shadow or Silver Spirit. It will be a magnificent example of Rolls-Royce engineering, craftsmanship and comfort. It will also be protected by the exclusive Warranted mechanical insurance scheme, available only from authorised distributors.

Depreciation on a car you buy at this price is often negligible over the first few years of ownership. (Earlier this year one authoritative trade value guide noted significant rises in residual values of Silver Spirit and Silver Spur motor cars.)

Buy a very good Rolls-Royce, maintain it well, drive it for two years and you will have the greatest motoring pleasure of your life. What's more the rates of depreciation of other cars at similar prices will leave you in no doubt about the financial advantages of your two years of ownership of a used Rolls-Royce.

THE TECHNICAL CASE

Rolls-Royce say a car with 100,000 miles on the clock is "nicely run in." Every Rolls-Royce engine is assembled by hand and is engineered for long



years of trouble-free motoring. The Silver Spirit is typical of the magnificent cars available to the buyers of a used Rolls-Royce. It is the latest and the most technically advanced Rolls-Royce ever made. The automatic air-conditioning system can cope with the climatic variations of a journey from the North Pole to the Equator, without adjustment. And the suspension system is so sensitive that it even compensates for the gradual emptying of the petrol tank.

THE CORPORATE CASE

The Silver Spirit also represents a sound investment for you and your company in a less tangible way. A recent survey into the attitude of the public towards the Rolls-Royce car showed exactly what you'd expect: that 80% of people asked consider a Rolls-Royce to be the car most representative of quality and 78% believe it inspires wide respect. A Rolls-Royce still speaks volumes about the success and confidence of a company.

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There is nothing quite like driving a Rolls-Royce. An hour behind the wheel is more persuasive than words could ever be. A brief glance at classified pages will give you some idea of the range of Rolls-Royce and Bentley cars available. If you would like to experience any of them first hand, contact the dealer in question who will be pleased to arrange a test drive for you.



"The best car in the world", from authorised Rolls-Royce and Bentley dealers of Great Britain.

COMMERCIAL PROPERTY

Bank HQ in demand at more than £50m

By Judith Huntley

The Hambros Bank headquarters in the City of London is up for sale - with a price tag of more than £50 million.

Developers keen to obtain a foothold in the booming City of London office market are already offering over £50 million for the freehold of the building at 41 Bishopsgate.

It is owned by a conglomerate of companies including Town & City Properties, part of the P & O Group, and

Stockley Pension Trust.

Bride Hall Developments, a small property company, and Postel Investment Management are among the bidders for the site. Hambros has a long lease on the building which it hopes to vacate in about 18 months on completion of the sale.

Hambros Bank is in the market for about 100,000 sq ft of space, but it says that its decision to look for new

premises has nothing to do with the recent split of interests within the Hambro family.

The merchant bank would like to stay within the confines of the Square Mile, although it says it is interested in Broadgate, the 3 million sq ft Rosehaugh-Stanhope development at Liverpool Street.

Battle over Green Belt site

London & Edinburgh

Trust, the young property company run by the Beckwith brothers, has temporarily lost Marks and Spencer as one of the anchor tenants for its proposed 1 million sq ft retail development at Hook, Surrey.

LET knows it is in for a planning battle on Hook which raises not only the issue of out-of-town retailing, but also development in the sacrosanct Green Belt.

But M & S has indicated that it and other retailers would be keen to take space in the development if the scheme receives planning consent. The property company has made a planning application for the 93-acre site but it knows that a public inquiry will be a necessary part of the fight to get the project off the ground.

LET has already acquired half the site and has options, yet to be signed, for land which will give it 90 per cent of the scheme.

The developer proposes to build a two-storey scheme set in a well-landscaped site overlooking a lake.

Space has been set aside for 500,000 sq ft of space to be allocated to five or six large stores.

NEC Electronics, the subsidiary of the Japanese NEC Corporation, is moving its UK headquarters to Sun Alliance's Linford Wood Business Centre in Milton Keynes, Buckinghamshire. The company is taking the 25,500 sq ft Cygnus building developed by the insurance company at a rent of more than £7.50 a sq ft for a 25-year lease with five-yearly reviews.

NEC is moving some staff from Motherwell, Strathclyde, Reading, Berkshire and Birmingham.

Alfred McAlpine Properties, through its property development subsidiary, Whyatt Properties, has let its 21,000 sq ft office refurbishment at Ocean House, Little Trinity Lane, in the City of London to Postbank (UK), the Finnish bank, at a rent of £475,000 a year. The scheme was forward funded by Dalgety Spillers Pension Trust, Henley & Baker and Hunters and Stephen Pauson Associates acted for Whyatt.

Investors look to Germany



The Frankfurt skyline is set to change as developers respond to an improving West German economy.

Kumagai Gumi, Japan's biggest construction company which is involved in two of London's significant property deals - in the City and Oxford Street - is looking towards West Germany.

Improving conditions there are encouraging foreign investors, particularly the Japanese and Dutch, to turn their attention to some of West Germany's major cities.

Weatherall Greco and Smith, in its latest look at the West German market, predicts that 1986 and 1987 will be better than last year. Confidence in the country and its

economy, allied to a strong mark, is boosting property as well as the stock market.

Weatherall says there will be good development opportunities in West Germany because hurriedly built post-war offices are now nearing the end of their lives and indigenous growth from Germany's banking sector could lead to the development of out-of-town business parks.

The estate agent believes that at least one of Germany's top banks will lead the way by developing 200,000 square feet on the edge of Frankfurt, the main banking centre. But

it does not see Frankfurt attracting large overseas bankers and thereby stealing the City of London's limelight.

Top level monthly rents of DM35 (£10.60) a square metre are the norm in the heart of Frankfurt's banking centre, but there is an increasingly wide gulf between prime and secondary offices.

Prime investment yields are around 4.75 per cent, but once schemes are over the DM80 million to DM100 million price range, significant yield discounts will begin to operate.

Trusthouse Forte PLC ANOTHER RECORD YEAR

Results

Year to 31st October, 1985

	1985 £m	1984 £m
Sales	1,244.5	1,131.4
Gross trading profit	184.3	152.1
Profit before tax	129.6	108.9
Profit before extraordinary items	86.7	76.8
Earnings per share (net)	11.11p	9.84p
Dividends per share	5.45p	4.74p

Profit before tax up 19% on last year.

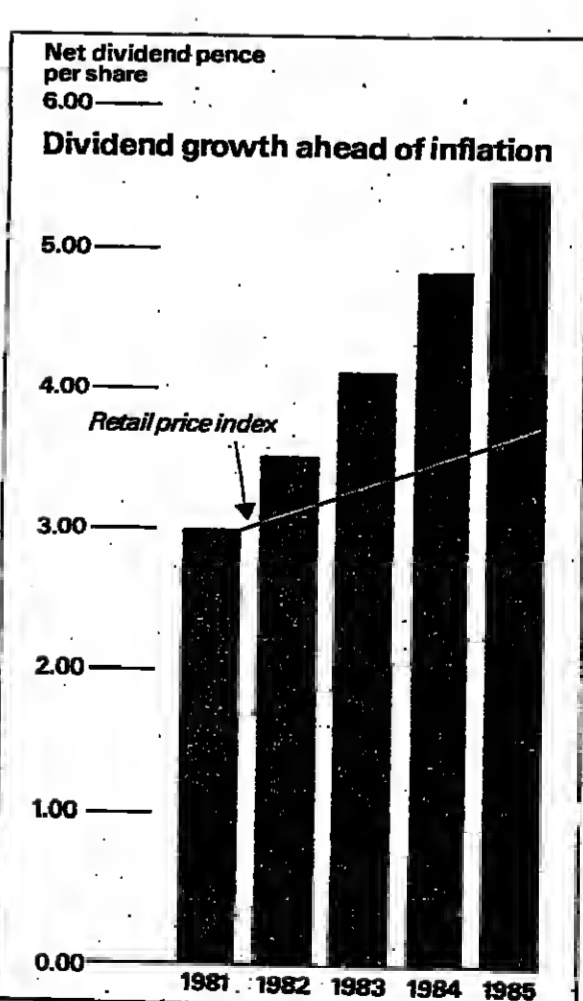
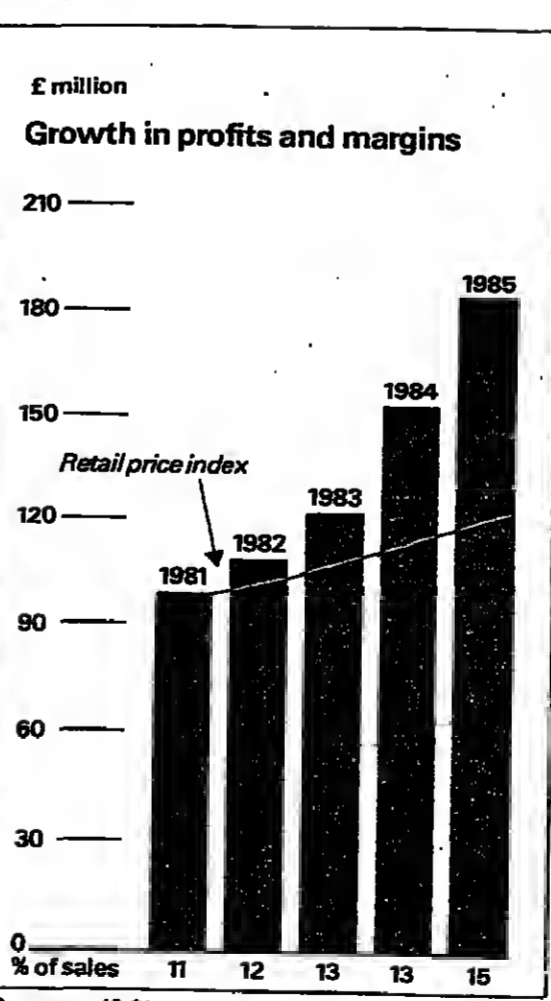
Earnings per share increased by 13%.

Dividend increased by 15%.

Property assets well in excess of a billion pounds (£1,000,000,000).

Balance sheet remains strong - ratio of net borrowings to shareholders' investment 0.29:1.

Trading in the current year is comfortably ahead of last year and this trend continues to be seen in our forward bookings.



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Trusthouse Forte

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TEMPUS

Templeton chief plans surprise London move

At 73 years of age, Mr John Templeton is starting to think about the future. For the past 45 years he has managed other people's money and now he is looking after his own estate.

With this in mind, Wall Street would have been the natural market for a listing and American investors might even have put a higher value on the business.

The voting structure gives management 60 per cent of the votes. So investors who buy shares in Templeton are always going to be in the minority.

On the plus side there is the huge potential of the American savings market. Templeton has a good record in attracting funds and now has nearly \$7 billion (£5 billion) under management.

Earnings per share, excluding investment gains, have grown at 40 per cent a year on average for five years.

The shares are being offered at 215p each, valuing the whole at £344 million. That represents a historic multiple of 20 times earnings which looks high, given the risks of international fund management.

They may have mixed motives, with at least some attracted by the prospect of additional investment business, but their interest should nevertheless ensure the offer is a success in the current bull market.

The prospectus is on pages 29 to 33.

Williams/McKechnie. If Argyle and Elders can bid for larger companies, so can Williams Holdings.

Williams the four-year-old creation of accountants Mr Nigel Rudd and Mr Brian McGowan, is clearly undaunted by its infancy and size. Yesterday it launched a £144 million bid for McKechnie Brothers.

The bid follows hard on the heels of the £11.5 million acquisition of Rawplug from Burmah Oil and the £7.3 million purchase of Spencer Clark Metal Industries. Its timing seems to reflect both the recent strength of Williams shares and the fact that its bid squad, which is more properly referred to as a post-acquisition management team, will finish its work at Rawplug in April and will then be able to take on McKechnie, assuming the bid goes through. However, Williams has acknowledged that

APPOINTMENTS

Honeywell Inc: Mr Brian Long fills the newly-created position of vice-chairman and group chief executive. Honeywell Limited: Mr Leslie Forrester becomes managing director, Honeywell Control Systems. Mr George McNeil becomes managing director, Honeywell Information Systems.

Bolton Brady: Mr Stan Hegginbotham is now the managing director.

British Telecom: Mr John McMonigall has been appointed deputy managing director of British Telecom Enterprises.

Humphreys & Glasgow: Mr James Law has joined the board as group director, marketing and corporate development.

Willis Faber: Mr Brian Welch is now group treasurer. The Scotch Whisky Association: Mr Ivan Straker has been elected chairman of the public affairs committee.

London Post (Printers): Mr Nicholas Lloyd has been appointed general manager.

Briannic Assurance: Mr M A F Willett will become chairman and Mr B H Shaw general manager and secretary from May 9. Mr J M Hamilton will be deputy actuary from May 1.

Peter Hand (GB): Dr C Jonathan Shepherd has become a director.

Thorn EMI Lighting: Mr R M Everett will be vice-chairman and Mr R D H Bryce managing director from April 1.

Tilbury Group: Mr M C Botter has been appointed assistant managing director. Mr Trevor Slater has joined the board.

London and Metropolitan Estates: Mr J A Theophilus is now the finance director.

STOCK MARKET REPORT

Takeovers spur share prices to new peak

By Our City Staff

The stock market continued on its record-breaking run with two more takeover developments provoking plenty of speculative activity again.

The FT 30-share index closed up 3.9 to 1212.5 and the FT-SE 100-share index gained 3.5 points at 147.5.

Overall, the leaders were rather mixed. However, Lucas attracted keen demand and was said to have broken through a major chart point in its rise of 17p to 545p.

A gain of 8p to 192p by GEC was accompanied by vague talk of BTR interest. Imperial Group rose another 6p to 291p as the company refused a meeting with Hanson following the previous day's bid clearance.

Thorn EML, on the other hand, slipped 8p to 434p on the sale of cable interests. Haslemere shot up 11p to 620p on rejection of Robson's 600p bid. This bid develop-

ment greatly excited the property and building sectors, inspiring gains of 21p to 210 by Rush and Tompkins, of 27p to 503p by Higgs and Hill and of 14p to 510p by C H Beazer.

McKechnie Bros rose 15p to 223p on receiving a bid from Williams Holdings, 3p off at 475p but Newman Tonks dipped 10p to 127p on fears that McKechnie's offer will not now go through.

Some of those to advance on the back of speculative demand were Vaux Breweries, 10p to 393p. Combined English Stores, 13p to 182p. Grattan, 12p to 362p, and Martin Ford, 7p to 78p.

Recent favourites GUS A, 850p, and Mana and Co, 285p, fell 15p apiece on profit-taking. The profits recovery at Robert Lowe put 8p on the shares at 48p, while recent comment on the company's new product continued to

direct buyers to West Bromwich Spring, 9p higher at 42p.

Westland, quoted in its ex-rights form, slipped down from the opening 83p to 78. Johnson Matthey advanced 12p to 170p ahead of third-quarter figures on March 6.

Options market: Dealers reported moderate activity. Calls were produced in Hongkong and Shanghai Bank, United Biscuits warrants, Comtech, Martin Ford, Sears, Tranwood, Five Oaks, Rainers, West Bromwich Spring, STC, Cowan de Groot, Itoatal, BSG, Hillsdown, Rowntree, Pavilion, Moorgate Mercantile, Aitken Hume, and Aidcom.

A put was arranged in Metal Box but 'doubles' were completed in Chaner Consolidated, Sheraton and Grovebell.

Norway signals oil output rise

By David Young, Energy Correspondent

Norway has added to the difficulties of the Organization of Petroleum Exporting Countries by sending signals to its major customers for North Sea oil that it intends to increase its output this year.

Like Britain, Norway has consistently refused to cooperate with Opec in controlling daily oil output to affect the market price. But with only 700,000 barrels a day production compared to

Britain's 2.7 million barrels, Norway's move has been regarded by Opec as more of a symbolic nature than a real threat to world prices.

Norway has indicated that it would be prepared to officially discuss with Opec the current problems being faced by the oil-producing nations. In contrast, Britain has made it clear to Opec that while individual oil ministers are welcome to discuss the

issue informally with Mr Peter Walker, the Energy Secretary, there is no prospect of Britain interfering with the present system of allowing oil companies the right to set whatever output level they feel justified.

Brent crude is now trading at \$16.40 a barrel, but there is very little activity in the spot markets as traders await signs from Opec as to what it will propose at its planned ministerial meeting.

COMPANY NEWS

ICI in Italian link to cut PVC output

ICI and EniChem, the Italian state chemicals company, have agreed to merge their loss-making polyvinyl chloride (PVC) and vinyl chloride monomer (VCM) operations to form a joint venture with sales of around £500 million. The new company to be called the European Vinyls Corporation is aimed at cutting overcapacity.

Under the plan, ICI will close its PVC plants at Hillhouse, Lancashire, and Waldshut, in West Germany, to concentrate production at more modern plant. The 80 employees at Hillhouse will be redeployed or offered early retirement.

GENERAL CONSOLIDATED INVESTMENT TRUST: A final dividend of 7.6p, making 11.1p (9.2p) for the year to December 31, will be paid out on March 31. With figures in 2000, gross revenue was 3,651 (2,946). Pretax revenue totalled 3,295 (2,752). Earnings per share were 11.4p (9.48p) and net asset value was 323.7p (290p).

OSCA COMMUNICATIONS: The company is acquiring the design consultancy Sutherland Haves in a deal worth £800,000.

UNION CARBIDE: The corporation plans to distribute its stock dividend on March 3, 1986, as previously announced. It intends to distribute two additional shares of common stock on March 3 for each share held of record on February 16. It will also distribute on March 3, for each share held of record on February 15, a tradable right pertaining to the previously announced special dividend from the planned sale of its consumer products businesses.

NORSK HYDRO: Results for fourth quarter 1985 - sales and other operating revenue totalled Norwegian kroner 14,033 million (9,805 million). Operating profit before depreciation amounted to kroner 1,550 million (2,175 million). Depreciation was kroner 579 million (598 million), and profit amounted to kroner 971 million (1,577 million). Net profit after tax was kroner 298 million (564 million) and net profit per share kroner 3.5 (6.6).

YEOMAN INVESTMENT TRUST: A final dividend of 6.1p will be paid on March 31, making 9.6p (8.6p) for 1985. Gross revenue was £1.98 million (£1.73 million). Pretax revenue was £1.75 million (£1.57 million). Earnings per share were 9.70p (8.79p).

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RECENT ISSUES

- Abbott 235 up 2, Ashley (L) 203 up 6, Cable & Wireless 323, Control Tech 158 up 2, U-Datron Int 80 dn 3, Davidson Poe 146, U-Elec Data 73 up 1, Ferguson J 27 up 1, U-Hampden 58 dn 1, Inoco 51, U-Klark-Trak 110 dn 3, Lexicon 118 up 3, Macro 4 124, Merivale 125, Really Useful 360, SPP 155, Safeway UK £394, U-Shandwick 208, U-Sherwood 190 up 2, U-Sigmax 100, Shorrock 78, Tiphook 172, Underwoods 191 dn 1, Rights issues, Barham 17p 149 up 10, Cray Elec 40, Coal Pcc 50 dn 2, Hogg Robinson 320, Peel Holdings 490 up 10, Safeway UK £394, Storrard 18, Speyhawk new 290 up 5, Triplex 86, Unigroup 120 dn 2, Watsbams 32, Westland 20

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WALL STREET

Washington (Reuter) - US retail sales rose 0.1 per cent in January, down from December's sharp 1.7 per cent increase, the Commerce Department said yesterday.

It was the weakest showing since October, when retail sales fell 3.9 per cent. The report was at odds with other data showing the US economy off to a strong start in 1986 after sluggish growth in 1985.

Table with columns for company names (e.g., AMR, ASA, Allied Signal) and their share prices for Feb 11 and Feb 12.

FOREIGN EXCHANGES

STERLING SPOT AND FORWARD RATES table showing market rates for various currencies like New York, Montreal, Brussels, etc.

Sterling's progress against the dollar on Wednesday was hampered by worries about the outlook for oil prices. But at \$1.455 in the afternoon, it showed a gain of 40 points.

OTHER STERLING RATES table listing rates for Argentina, Australia, Austria, etc.

COMMODITIES

LONDON COMMODITY EXCHANGE table listing prices for various commodities like soybeans, coffee, gas oil, etc.

LONDON METAL EXCHANGE table listing prices for metals like aluminum, copper, lead, tin, zinc.

MONEY MARKETS AND GOLD

Table showing money market rates for various currencies and gold prices.

INVESTMENT TRUSTS

Table listing investment trusts and their performance metrics.

FINANCIAL FUTURES

Table listing financial futures contracts and their prices.

CANADIAN PRICES

Table listing Canadian stock prices for various companies like Alcan, Inco, etc.

LONDON FINANCIAL FUTURES

Table listing London financial futures contracts and their prices.

INVESTMENT TRUSTS

Table listing investment trusts and their performance metrics.

FINANCIAL FUTURES

Table listing financial futures contracts and their prices.

THE TIMES UNIT TRUST INFORMATION SERVICE

Large table providing detailed information on various unit trusts, including their names, managers, and performance data.

Vertical text on the right side of the page, possibly a page number or reference.

THE DIRECTORS OF ARGYLL GROUP PLC ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS ADVERTISEMENT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF. THE ADVERTISERS ACCEPTS THE RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS ADVERTISEMENT. THE ADVERTISERS ACCEPTS THE RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS ADVERTISEMENT. THE ADVERTISERS ACCEPTS THE RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS ADVERTISEMENT.



The Guinness bid for Distillers. What are the strings attached?

Argyll's increased offer for Distillers is now worth more than the proposed Guinness offer.

But for anyone yet to be persuaded by the sound sense behind our new offer, it's worth reminding you of the strings attached to the Guinness bid.

String 1

Since June 1984 Guinness PLC has spent nearly £500 million making no fewer than ten acquisitions.

Argyll, of course, are no strangers to acquisitions. But ten acquisitions in only twenty months is more than enough for any management team to digest.

Guinness' purchases are a pretty motley collection. From newsagents to health-food restaurants. Hotels to delicatessens. And, of course, Bell's. Is Guinness really ready to absorb one of Britain's biggest companies?

String 2

Argyll believe that Guinness have enough on their hands with Bell's alone. In the US, the world's most sophisticated drinks market, Bell's had less than a 1% market share in 1984.

Guinness itself only managed to sell 1.7 million cases of stout in the US in 1984.

Argyll's imported beer, Corona Extra, sold 5 million cases there in 1985. So much for Guinness' international marketing skills.

String 3

Guinness' overseas business is mainly in underdeveloped countries such as Nigeria, Ghana, Cameroon and Malaysia where it owns breweries and sells locally produced stout.

What possible benefits could this experience have for Distillers as marketers of mature distilled products in developed markets such as North America, Europe and Japan?

String 4

Attempts by Guinness to raise the spectre of all-powerful overseas competitors are also flawed. They rate Suntory as a major threat in the international market place yet 98% of Suntory sales are in their home market of Japan. Japanese whisky sales actually fell by over 20% in 1984.

Distillers is claiming to be the most profitable spirits company in the world. It doesn't need Guinness stout or Bell's whisky to fend off international competition.

It needs new management with a proven track record like Argyll's.

String 5

Much has been made of Distillers' and Guinness' supposed compatibility. It is certainly true they're both over dependent on products which have been around for many years.

In 1984 21% less Guinness stout was sold in the UK than in 1981 - the year the present management team assumed responsibility. Guinness' claim to 'unrivalled experience in the international marketing of prestige drinks' is also doubtful.

It's almost unbelievable that Distillers' should turn to Guinness for marketing help.

The decline at Distillers has been documented.

They have conceded that new management is necessary and have set a price for their company.

Argyll have now increased their offer. The Argyll case is clear.

Accept the Argyll offer. There are no strings.

Argyll. We can revive Distillers' spirits!

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YOUR OWN BUSINESS

Designs for a working cash flow

By Rebecca Eliahoo

Tilney Pike Shane started life in 1980 as a design practice working from an attic. By last year the partners were buying a disused laundry in Fulham and converting it entirely to their own high-tech premises.

Such upward mobility had been accompanied by healthy rises in turnover, with, for instance, a 40 per cent increase from May to October 1985 compared with the previous year. There seem marginally more pitfalls in architecture for youthful inexperienced. It is not unknown, for example, for clients to change their mind completely when a project is almost finished or for their evasive attitude to invoices to send a practice's cash flow into a spin.

Tilney Pike Shane was especially lucky with one of its first clients, Chelsea Girl, which had contacted partner Marvyn Shane, initially to ask him to recommend a larger, more-experienced consultancy. Says partner Tom Pike: "We persuaded them that we were not too small or too young to work for them and they gave us three weeks to come up with ideas for the redesign of their shops. To prove we had fertile imaginations, we inundated them with ideas and they signed us up as their consultants."

The partners took on any project that came along in the beginning, including small-scale domestic work for friends. Sooner they had another stroke of luck. Michael Peters & Partners asked them to collaborate on projects which needed interior design. Mr Pike says: "Michael Peters and Partners was then primarily a graphic design consultancy and some of its projects needed architectural input. We



Architectural consultants Kathy Tilney, left, Tom Pike, Marvyn Shane and Callan Lumsden

were thus exposed to good clients, which, at that stage, we would not have got on our own."

The partners had to move out of their attic as they took on more staff. They decided to rent the first floor of a former knitwear factory in Shepherd's Bush. Having spent what they considered quite a lot of money on redesigning the premises, they realized that the only long-term beneficiary was the landlord.

Mr Pike says: "We started to look for a freehold property with a light industrial usage. First, because light industrial premises are cheaper than office space and second, because they have higher ceilings and more natural light."

Architect Cathy Tilney and interior designer Marvyn Shane had first met at Pentagram. Architect Tom Pike had always been freelance. Mr Shane said: "We didn't want to go to a bank on our first day and borrow money because in architecture you never know whether your clients will pay you - especially when you're just starting - and we didn't want a bank loan hanging round our necks. We decided to operate on a positive cash flow with

our money in the bank and we have maintained that all the way."

Marvyn Shane's wife, Heather, had worked on the administrative side of other architectural offices and took on a financial and managerial role at TPS. She prepared weekly charts showing how much money was owed and owing and how much remained in the bank. When the partners decided to buy their own building, they approached a financial adviser.

Mrs Shane says: "He persuaded us to take part in an accepted scheme which had been developed for doctors and lawyers in partnerships. It is based on a pension plan whereby the partners take out pensions which mature on retirement and not only pay back the loan but supply pensions from profits." The partners want to expand and have taken on a new partner, Callan Lumsden this year, but they are wary of becoming "huge and anonymous". Their clients cover a number of different fields - a chain of optician shops is one example - as well as work for advertising agencies such as Wight Collins Rutherford Scott, fellow design consultancies and financial institutions.

BRIEFING

Business in the Community, the umbrella body for local enterprise agencies and other local community efforts aimed at economic growth, now has 150 member companies and organizations. This total has been reached with the joining of BET, formerly British Electric Traction. Others recently taking up membership to support BIC's work include Emst & Whinney, Scottish & Newcastle Breweries, PA Management Consultants, Price Waterhouse, Standard Chartered Bank, Woolwich Building Society, Nestlé and Heron Corporation.

Aimed at reducing the high failure rates of entrants to the electronics business is a new award scheme, Interport Development in Electronics Award, backed by Cahnerns Exhibitions. Cahnerns organizes the Interport Show, Britain's oldest



"I knew my good luck wouldn't last - I've won a government contract" national electronics trade exhibition. Winners of the awards will get help designed to give a small business or an individual entrepreneur an expertise

in all the skills needed to take a product from design stage to the market place. From a shortlist of 20 to be drawn up by the end of this month, the four best ideas will be selected. Eligible are individual entrepreneurs in the electronics field, final-year degree students in electronics and independent companies with a staff of less than 10.

It is planned to make the IDEA awards a biannual event. Among those involved in giving advice to the winners will be Spicer and Pegler, the chartered accountants, Blyth Dutton, a firm of London solicitors, the Institute of Marketing, Grange Advertising, which specializes in the industry, and three public-relations companies, Intopress, Michael Joyce and Walton Markham Associates. Help has also been offered by the Chartered Institute of Patent Agents and the Patent Office.

Contact: Cahnerns Exhibitions, Chatsworth House, 59-61 London Road, Twickenham, or phone Deborah Garrett (01) 891 5051.

Computer Appointment

COMPUTER SOFTWARE POSTS

NAG develops and distributes numerical and statistical software which is widely used throughout the world. We are seeking two industrious computing professionals to join our expanding Central Office in Oxford. Both posts require technically motivated people with sound academic backgrounds and the ability to work effectively within small teams.

Software Engineers

Our software engineering group needs your help to develop, support and promote the use of software tools like Toolpack/1 suite of tools in particular. Your thorough knowledge of Fortran 77 and experience of handling large portable applications software will prove invaluable, and your familiarity with one or more of compiler writing, graphics, IKBS and Unix will be a distinct advantage.

Programmer/Analyst

You will be a member of our Computing Support group which provides computing services within the Central Office. The various roles that you will fulfill include applications software support, user liaison and systems maintenance. Your versatile computing background includes at least 3 years use of one or more high level languages, and your experience of VAX/VMS (or Unix) will prove very useful.

Both posts are based on University related scales 1B (£6,865-£10,745) 1A (£7,830-£12,635), under review, and have good holiday and pension arrangements. For further details please contact:

The Administrator
The Numerical Algorithms Group Limited
NAG Central Office
15th Banbury Road
OXFORD OX2 7DE

Telephone: (0865) 511245

Closing date for applications:
28 February 1986



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Established London based gifts and stationery importation/distribution company available at a £40,000 premium for goodwill and fixed assets. + SAV. £1m. T/O with excellent potential for expansion. Specialised management skills available. Principals only apply. Reply to BOX 821

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Reply to BOX 447, Sunday Times, PO Box 484, Virginia St, E1.

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International Marketing Company has a new product which has second income potential and could be operated from home with limited participation. This product, which is well sought after especially by the health and fitness conscious, is already located in some of the largest department store chains in the country. No selling involved, investment secured by product that is producing, original product has been used for over 60 years! If you have one or two days free per week and investment capital of £10,000, then please apply for free colour brochure to: C.M. Ltd, 11 Marlborough Place, Brighton, East Sussex. Tel: 01323 672226, Tlx: 878268.

FINANCIAL AND ACCOUNTANCY

ACCOUNTANT

We are a small but rapidly expanding Company projected turn-over '86 is £2m) and are urgently looking for a part qualified accountant to be based in our new premises in London WC2. The position carries the following responsibilities: Taking charge of the day to day accounting functions of the Company (inc Bookkeeping) Implementing a new computerised accounting system. Bringing financial expertise to the general management of the Company.

Applicants must have strong personal drive with sound commercial background. The salary will reflect experience and qualifications.

Please phone or write in confidence to:

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GENERAL APPOINTMENTS

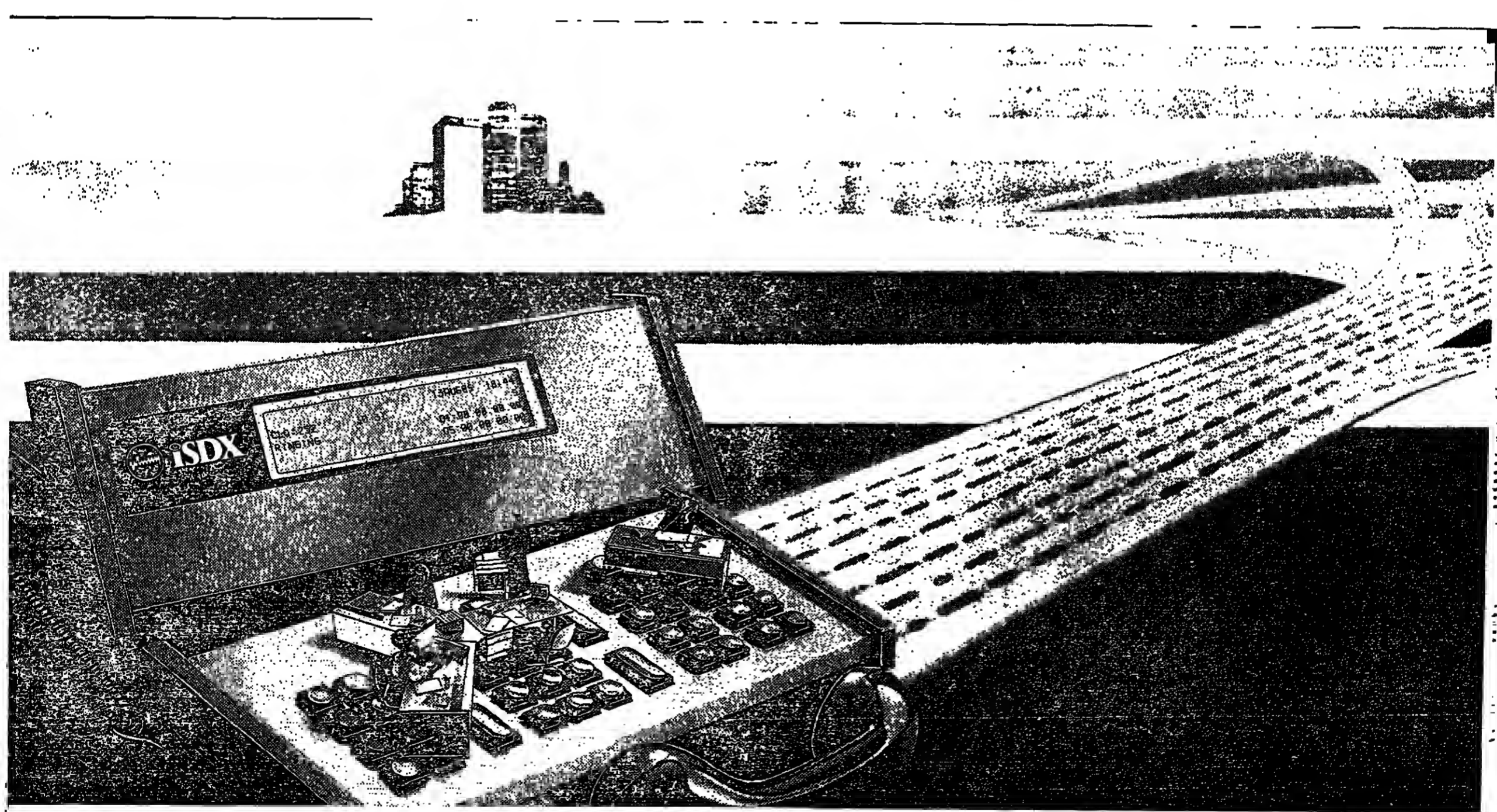
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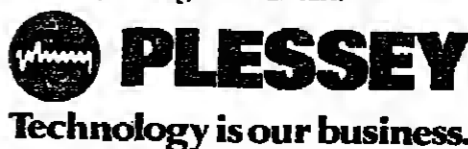
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supremacy is that it has evolved from the Plessey ISDX, Britain's number one large digital PABX. Connecting you to the future in communications is a Plessey habit - in public exchanges, packet switching, data networks, fibre optic systems - as well as exchanges for the private office. In fact, Plessey has the name for being the total communications company. It's a name worth knowing if you want to leap ahead. Plessey Telecommunications & Office Systems Limited, Beeston, Nottingham NG9 1LA.



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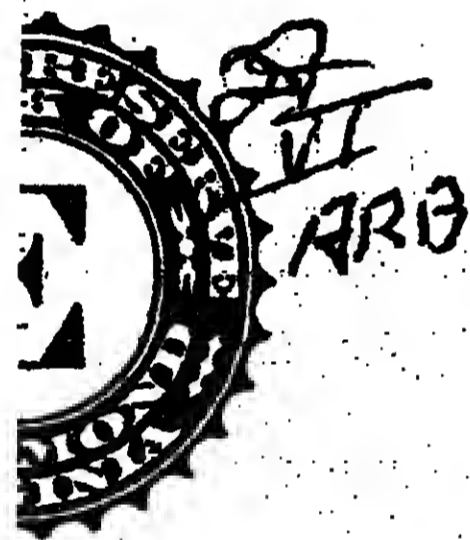
Hanson's US profits. Are they a patch on what they seem?



NOTE IS LEGAL TENDER DEBTS, PUBLIC AND PRIVATE

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SERIES 1985

James A. Secretary

ONE DOLLAR

In 1985, nearly half Hanson Trust's profits came from its US arm - Hanson Industries.

Between 1980 and 1985, Hanson Industries' profits increased by an apparently impressive £111 million.

But are they really what they seem?

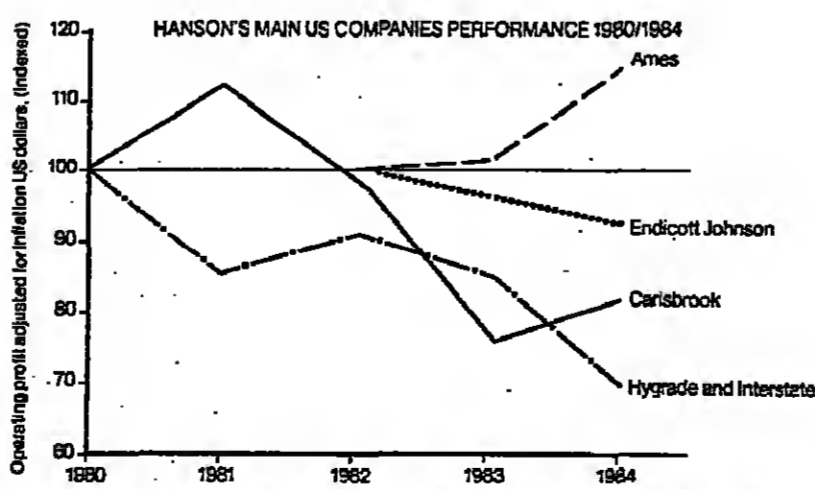
£96 million of that £111m. came from profits bought in - through acquisition.

A further £9m. came from the fortune of dollar/sterling exchange rates.

Which leaves £6m, a sad little 6%, from organic growth. Then take out inflation and we find that, in real terms, Hanson Industries' organic profits went

backwards between 1980 and 1985.

This chart shows company-by-company performance, 1980 to 1984 (the latest available full figures):



Source: Based on Hanson audited accounts. Index: 1980 or first full year of Hanson ownership = 100

Bleak figures: and maybe more to come?

Hanson Industries now owns a com-

pany called US Industries. Sir Gordon White, Chairman of HI, has a plan for US Industries: to apply "the same sound business principles that have brought uninterrupted growth and profitability to the different businesses acquired by us since 1973."

Sound? Uninterrupted? Growth? At least US Industries has been warned.

The Imperial way is to grow its own profit. The Hanson way, it would seem, is different.



ESSEY

THE TIMES Portfolio

From your portfolio card check your eight share price movements. Add them up to give you your overall total. Check this against the daily dividend figure published on this page. If it matches you have won outright or a share of the total daily prize money stated. If you are a winner follow the claim procedure on the back of your card. You must always have your card available when claiming.

Table with 4 columns: No., Company, Price, and % Chg. Lists various companies under categories like BUILDING AND ROADS, BANKS DISCOUNT HP, DRAPERY AND STORES, etc.

Weekly Dividend table with columns for MON, TUE, WED, THU, FRI, SAT, and Total.

BRITISH FUNDS

Table listing various British funds with columns for High, Low, and % Chg.

SHORTS (Under Five Years)

Table listing short-term investments with columns for % Yield, Term, and Price.

FIVE TO FIFTEEN YEARS

Table listing medium-term investments with columns for % Yield, Term, and Price.

OVER FIFTEEN YEARS

Table listing long-term investments with columns for % Yield, Term, and Price.

UNDATED

Table listing undated investments with columns for % Yield and Price.

INDEX-LINKED

Table listing index-linked investments with columns for % Yield and Price.

BANKS DISCOUNT HP

Table listing bank discount rates with columns for Bank Name and Rate.

STOCK EXCHANGE PRICES Rally extended

ACCOUNT DAYS: Dealings Began Feb.10. Dealings End Feb 21. Contango Day Feb 24. Settlement Day, March 3. Forward Bargains are permitted on two previous days.

Main stock exchange price table with multiple columns for company names, prices, and percentage changes. Includes sections for BREWERIES, BUILDINGS AND ROADS, FINANCE AND LAND, FOODS, CHEMICALS, PLASTICS, CINEMAS AND TV, DRAPERY AND STORES, ELECTRICALS, and OIL.

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Handwritten Arabic text at the bottom: سبائك الذهب

Copies of this document have been delivered to the Registrar of Companies in England and Wales for registration as required by The Stock Exchange (Listing) Regulations 1984. This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") for the purpose of giving information with regard to the 40,000,000 Ordinary (Limited Voting) Shares of U.S.\$0.01 each which are the subject of this Offer for Sale and the Company and its subsidiaries and comprises the Listing Particulars required by The Stock Exchange (Listing) Regulations 1984. The Directors, whose names appear under "Directors and Advisers" below, are the persons responsible for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the Ordinary (Limited Voting) Shares of U.S.\$0.01 each to be admitted to the Official List which application is expected to be granted on Wednesday, 19th February, 1986.

The Directors are aware that applications will be made for 10,000,000 Ordinary (Limited Voting) Shares of U.S.\$0.01 each which will be accepted in full. The Application List will open at 10.00 a.m. on Wednesday, 19th February, 1986 and may be closed at any time thereafter. The procedure for application is set out in "Procedure for Application" below. Details of the share capital of the Company and the indebtedness of the Templeton Group appear below.

TEMPLETON INTERNATIONAL



Templeton, Galbraith & Hansberger Ltd.

(Incorporated in the Cayman Islands with limited liability)

Offer for Sale

by
Cazenove & Co.
of
40,000,000 Ordinary (Limited Voting) Shares of U.S.\$0.01 each
at
215p per Share payable in full on application

Authorised	SHARE CAPITAL	Issued and fully paid
\$		\$
400,000	in Ordinary 'A' Shares of \$0.01 each carrying five votes each	400,000
1,600,000	in Ordinary (Limited Voting) Shares of \$0.01 each carrying one vote each	1,200,000
<u>2,000,000</u>		<u>1,600,000</u>

INDEBTEDNESS

As at 21st January, 1986, Templeton Investment Counsel, Inc., a subsidiary of the Company, had a bank loan facility of \$1,500,000, all of which had been drawn and remained outstanding. At the same date, Securities Fund Investors, Inc., another subsidiary, was indebted to Mr. John Galbraith, a director of the Company, in respect of 10 per cent. subordinated non-negotiable notes, repayable in five annual instalments between 1987 and 1991, having an aggregate face value of \$8,900,000. In addition, Securities Fund Investors, Inc. was indebted to Florida National Bank in an aggregate amount of \$1,500,000 evidenced by two promissory notes maturing in July, 1987, bearing interest at a floating rate, such indebtedness being secured by a mortgage on its premises at 405 Central Avenue, St. Petersburg, Florida. Save as aforesaid, and apart from intra-group transactions, as at 21st January, 1986, neither the Company nor any of its subsidiaries had any loan capital (including term loans) outstanding or created but unissued nor any outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, guarantees or other contingent liabilities.

PRINCIPAL DEFINITIONS

Company Templeton, Galbraith & Hansberger Ltd.
Templeton Group Shares the Company and its subsidiaries the Ordinary (Limited Voting) Shares of \$0.01 each of the Company
Directors the directors of the Company
Offer for Sale the offer for sale referred to herein
JTCL John Templeton Counsellors, Inc.
SFA Securities Fund Annuitants, Inc.
SFI Securities Fund Investors, Inc.
SFTC Securities Fund Trust Company of Florida
TICL Templeton Investment Counsel, Inc.
TICL Templeton Investment Counsel Limited
FIML Templeton Investment Management Limited
U.S. Dollars or \$ United States dollars

UNITED STATES SECURITIES LAWS

The Shares offered pursuant to the Offer for Sale have not been and will not be registered under the United States Securities Act of 1933, as amended. Accordingly, such Shares may not be offered, sold, renounced or transferred, directly or indirectly, in the United States or to or for the benefit of any United States person or to any person purchasing such Shares for re-offer, resale, renunciation or transfer in the United States or to or for the benefit of any United States person as part of the distribution of such Shares. Application Forms to be used in connection with the Offer for Sale incorporate a warranty that the applicant is not a United States person and is not applying on behalf of, or with a view to resale to, a United States person. Registration application forms on Letters of Acceptance will contain a warranty to the same effect by, or by a duly authorised person on behalf of, the person in whose names the Shares are to be registered. "United States person" means any national or resident of the United States or the estate or trust of any such person, any corporation, partnership or other entity created or organised in or under the laws of the United States, or any political sub-division thereof; "United States" means the United States of America, its territories and possessions.

DIRECTORS AND ADVISERS

Directors
John Marks Templeton (Chairman) (British citizen)
John William Galbraith (Vice-Chairman) (U.S. citizen)
Thomas Loren Hansberger (President and Finance Director) (U.S. citizen)
Mark Gordon Holowesko (Bahamian citizen)
*Henry Eric Montgomerie (British citizen)
*The Right Hon. Derek Witherspoon The Lord Pritchard (British citizen)
*Arvidhald Domestiana Russel (Canadian citizen)
*Marcus Storch (Swedish citizen)
*John Marks Templeton Jr. (U.S. citizen)
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*non-executive

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Martie Lawrence Flanagan, Certified Public Accountant
Lyford Cay, Nassau, Bahamas

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Stockbrokers
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Bankers
Royal Bank of Canada
Nassau, Bahamas

Legal advisers
To the Company in England:
Simmons & Simmons
14 Dominion Street, London EC2M 2RJ
To the Company in the United States:
Dechert Price & Rhoads
1730 Pennsylvania Avenue N.W., Washington, D.C. 20006
To the Company in the Cayman Islands:
Bruce Campbell & Co.
Bank of Nova Scotia Building, P.O. Box 884, Grand Cayman
To the Company in the Bahamas:
Higgs & Kelly
Chambers, 32A Bay Street, P.O. Box N1113, Nassau, Bahamas
To the Offer for Sale:
Slaughter and May
35 Basinghall Street, London EC2V 9DB

Joint Auditors and Reporting Accountants
Robson Rhodes, Chartered Accountants
186 City Road, London EC1V 3NU

Joint Auditors
McGladrey Hendrickson & Patten, Certified Public Accountants
1133 Avenue of the Americas, New York, N.Y. 10036

Receiving bankers
National Westminster Bank PLC
New Issues Department, P.O. Box 79, 2 Princes Street, London EC2P 2BD

Registrars
Boy West Trust Corporation (Cayman) Limited
P.O. Box 707, Grand Cayman

United Kingdom transfer agent
National Westminster Bank PLC
Registrar's Department, P.O. Box 82, 37 Broad Street, Bristol BS99 7NR

SUMMARY

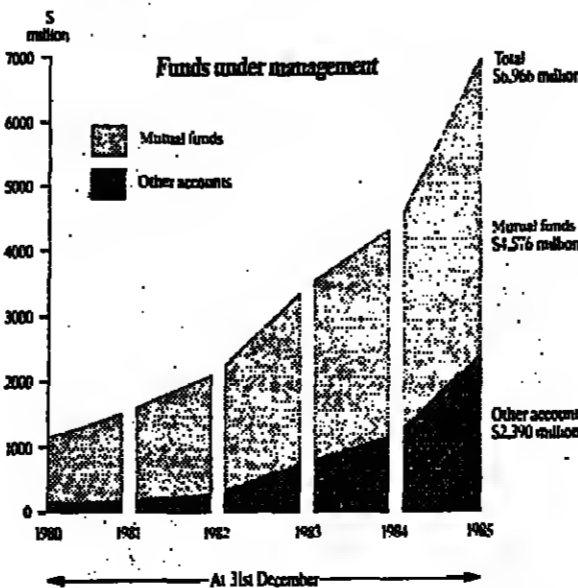
The information below should be read in conjunction with the other information contained herein

Business

The business of the Templeton Group, which has its headquarters in the Bahamas, is the provision of global investment management, advisory and mutual fund distribution services. The Templeton Group acts as investment adviser to five mutual funds incorporated in the United States and Canada as well as to pension funds and other investment accounts. Investment advice is based upon a flexible policy of investing in stocks and debt obligations of companies and governments of any nation with particular emphasis on common stocks.

Funds under management

At 31st December, 1985, Templeton Group funds under management exceeded \$6.96 billion of which 65 per cent. was invested in the United States. The chart below illustrates the growth in assets under management from 31st December, 1980 to 31st December, 1985, split between mutual funds and other accounts.

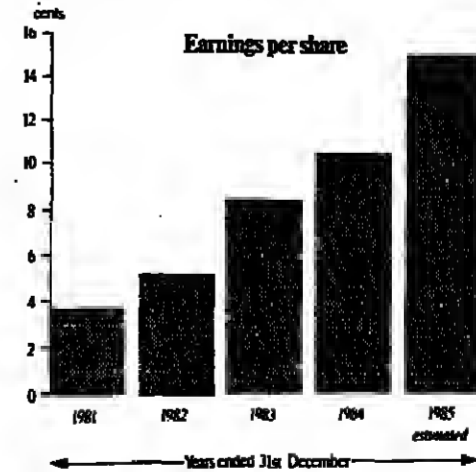


Funds under management

	1981	1982	1983	1984	1985
Mutual funds	1,376	1,812	2,680	3,169	4,576
Other accounts	173	287	754	1,172	2,390
	1,549	2,099	3,434	4,341	6,966

Earnings

The chart below illustrates the growth in earnings per share of the Templeton Group during the five years ended 31st December, 1985. The earnings per share, which exclude almost all investment income and gains and all exceptional items, have grown at an average compound rate of 40 per cent. per annum.



	1981	1982	1983	1984	1985
Earnings per share	3.76	5.30	8.41	10.40	14.94

Offer statistics

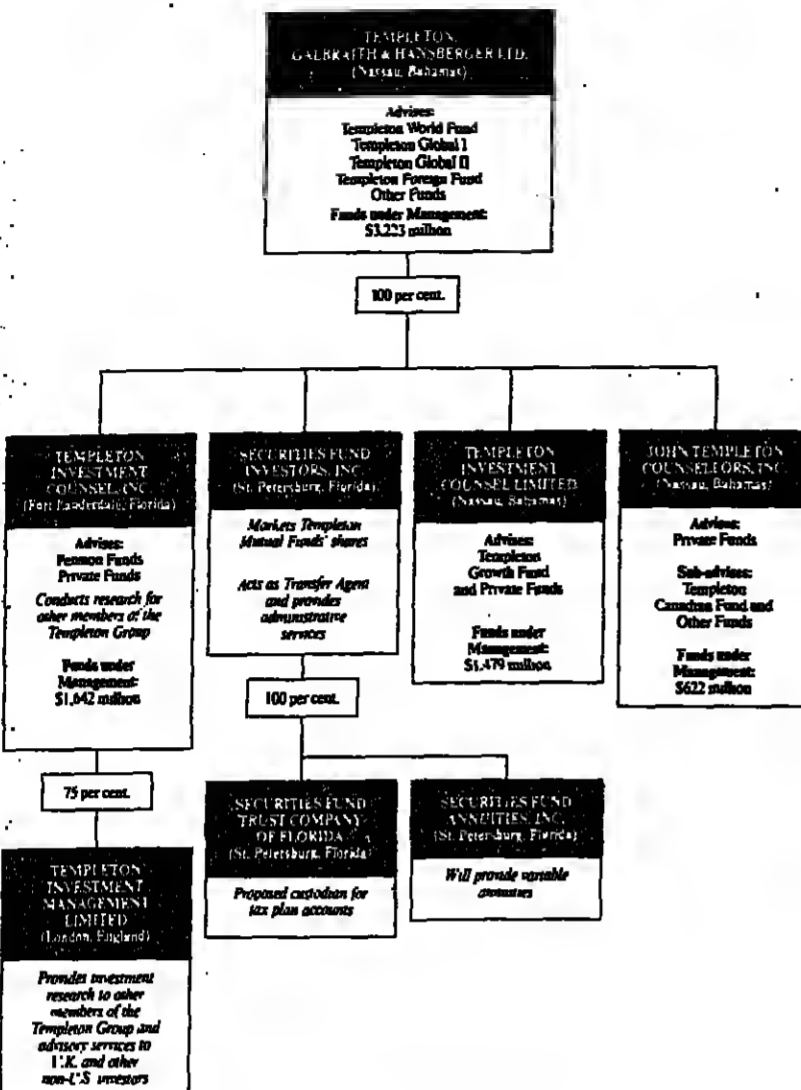
Offer Price per Share 215p
Number of Ordinary 'A' Shares and Shares in issue 160 million
Market capitalisation (i) £344 million
Earnings per share (ii), (iv) 10.63p
Price/earnings ratio (historic) 20.23
Gross dividend yield (iii), (iv) 1.98 per cent.

(i) At the Offer Price assuming full conversion of Ordinary 'A' Shares into Shares.
(ii) Calculated on the basis of the estimate of profits for the year ended 31st December, 1985. See "Profits estimate" below.
(iii) Based on the national dividend that would have been recommended in respect of the year ended 31st December, 1985 in accordance with the dividend policy set out in "Dividends" below.
(iv) Using the rate of exchange prevailing in London at 10.00 a.m. on 11th February, 1986. 100p = \$1.4050

TEMPLETON INTERNATIONAL

GROUP STRUCTURE

The following chart sets out the members of the Templeton Group, their principal places of business, their principal activities and funds under management at 31st December, 1985.



HISTORY AND BACKGROUND

Introduction

The Templeton Group provides investment management and related administrative services to open-end investment companies incorporated in the United States and Canada, commonly known as mutual funds, as well as to other investment funds and accounts. It follows the concepts of investment counselling developed over 45 years by John Templeton.

As at 31st December, 1985, the Templeton Group acted as investment adviser to mutual funds and other investors with total assets under management exceeding \$6.96 billion. The principal mutual funds to which the Templeton Group provides investment advice are Templeton Growth Fund, Templeton World Fund, Templeton Foreign Fund, Templeton Global I and Templeton Global II (the "Templeton Mutual Funds"). The longest established is Templeton Growth Fund, which is incorporated in Canada, the remaining funds being incorporated in the United States. Since its incorporation in 1954, Templeton Growth Fund has had a remarkable investment record; assuming reinvestment of dividends and capital gains distributions, a sum of \$10,000 invested in the fund at its inception would have become \$677,177 as at 31st December, 1985. This is equivalent to an annual compound growth rate of approximately 14.6 per cent.

From its head office in the Bahamas, the Company provides investment management advice covering stocks and debt obligations of companies and governments world-wide with particular emphasis on common stocks. As at 31st December, 1985, the assets under management from the Bahamas, including all the Templeton Mutual Funds, exceeded \$5.32 billion. In St. Petersburg, Florida, a subsidiary, Securities Fund Investors, Inc. ("SFI"), provides marketing services to the Templeton Mutual Funds, principally by distribution through broker-dealers; it also provides administrative and shareholder services. In Fort Lauderdale, Florida, another subsidiary, Templeton Investment Counsel, Inc. ("TIC"), provides research for the Templeton Group and investment management for pension funds and large private accounts. Assets under management in Fort Lauderdale as at 31st December, 1985 exceeded \$1.64 billion.

In the five years to 31st December, 1985, total assets under management by the Templeton Group have grown from \$1.16 billion to over \$6.96 billion, an increase of approximately 500 per cent. Over the same period, the total net assets of the Templeton Mutual Funds have grown from \$995 million to \$4,576 million, an increase of 360 per cent, and the number of shareholder accounts in the funds has grown from approximately 100,000 to more than 400,000. Adjusted profits after tax of the companies now comprising the Templeton Group have grown from \$4.4 million for the year ended 31st December, 1980 to an estimated \$23.9 million for the year ended 31st December, 1985. These profits exclude almost all investment income and gains and all exceptional items.

Capital structure and reasons for the Offer for Sale

The issued share capital of the Company consists of 40 million Ordinary 'A' Shares carrying five votes each and 120 million Shares carrying one vote each. Each Ordinary 'A' Share is convertible at any time into a Share. Shares cannot be converted into Ordinary 'A' Shares. Application for listing has been made only in respect of the Shares and only Shares are being offered for sale. A total of 40 million Shares are being offered for sale at a price of 21p per Share, payable in full on application. All of these Shares are being sold by existing holders; no new capital is being raised by the Company.

Following the Offer for Sale, and excluding any Shares for which they may apply, the Directors will own 39,894,400 Ordinary 'A' Shares and 79,788,800 Shares which together represent 87.2 per cent. of the voting rights. John Templeton, a British national resident in the Bahamas, will control 60.8 per cent. of the voting rights.

A listing for the Shares on The Stock Exchange will provide a market in the Shares and, the Directors believe, will enhance public awareness of the Templeton Group's activities.

Investment principles and policy

The objective of the Templeton Group is the provision of long-term capital growth for its clients which it seeks to achieve through a flexible policy of investing in stocks and debt obligations of companies and governments of any nation.

The Templeton Group employs methods of world-wide stock selection conceived and constantly revised by John Templeton and his associates over 45 years of investment counselling service.

Often stocks are selected on the basis of factors which may not be reflected in stock market valuation for several years. This requires independence of mind and discipline on the part of the portfolio manager. It follows that stocks may be retained over a period of years; the weighted average portfolio turnover rate of the Templeton Mutual Funds for their 1985 financial years was approximately 16 per cent.

The search for suitable investments results in the geographical spread of the Templeton Group's portfolio varying considerably from time to time. At 31st December, 1985, total invested funds were held as to 65 per cent. in the United States, 9 per cent. in Canada, 12 per cent. in Europe, 7 per cent. in Australia and 4 per cent. in the Far East, including Japan. This contrasts with the position some ten years ago when 19 per cent. was invested in the United States, 32 per cent. in Canada and 44 per cent. in Japan.

History of the Templeton Group

The Templeton Group had its origins more than 45 years ago when John Templeton evolved an investment counselling system based on techniques of detailed security analysis conceived during his university career.

In 1940, John Templeton became controlling shareholder and President of an investment counselling company, Templeton Dobbrow and Vance Inc. Templeton Growth Fund, which commenced business in 1954, was originally managed by this company. In 1969, John Templeton, who by then was resident in the Bahamas, sold his interest in this company but retained the investment advisory contract with Templeton Growth Fund.

John Galbraith, whose career had until then been largely in mutual fund distribution and management, became President of the distribution company for Templeton Growth Fund in 1974. John Galbraith built up the broker-dealer network which now enables the Templeton Mutual Funds to be distributed throughout the United States. In 1977, John Galbraith acquired the distribution company from John Templeton.

During 1978, a second mutual fund, Templeton World Fund, was formed. In the same year, the mutual fund distribution activities moved from New Jersey to St. Petersburg and in 1980 a subsidiary of SFI registered as a transfer agent with the United States Securities and Exchange Commission (the "SEC") and began to provide transfer agency services to the Templeton Mutual Funds. SFI assumed the distribution and transfer agency responsibilities from its subsidiaries in 1984.

TIC commenced business in Fort Lauderdale in 1979 under the direction of Thomas Hansberger. Initially it built up international research contacts to complement those already established by John Templeton. In addition, it developed a research capability

of its own with a computerised data base and began to manage institutional and private accounts. TIC also became an additional information source for the Bahamas-based mutual fund advisory business.

In 1981, a third mutual fund, Templeton Global I, was launched with the objective of investing primarily in smaller companies having a market capitalisation of less than \$100 million. A subscription ceiling of \$150 million, including sales charge, was placed on the size of the fund which was fully subscribed within approximately three months. 1982 saw the establishment of Templeton Foreign Fund whose objective is to invest in securities outside the United States. This fund was followed in 1983 by a fifth mutual fund, Templeton Global II, which also invests primarily in smaller companies but each having a maximum market capitalisation of \$200 million.

In 1982, John Galbraith formed Securities Fund Trust Company, a Texas chartered trust company, to serve as trustee or custodian for tax deferred retirement plans which invest in shares of the Templeton Mutual Funds. It is intended that this company's role will be assumed by Securities Fund Trust Company of Florida ("SFTC").

Securities Fund Annuities, Inc. ("SFA"), an insurance company registered in Florida, was formed in 1984 to offer variable annuity policies to individual retirement account holders. The process of preparing this product for registration with the SEC is currently taking place.

On 3rd January, 1986, the various companies which had previously been owned by John Templeton, John Templeton Jr., John Galbraith and Thomas Hansberger, and had been operated in close association with one another, were combined to form the Templeton Group. Certain personnel have been relocated in the Bahamas in order to integrate the management, administration and operations of the Templeton Group companies.

Fund management in the United States

GENERAL

Although the companies in the Templeton Group serve investors from many countries, currently the principal source of funds is the United States. Savings invested in pension, retirement and mutual funds, including trust accounts, in the United States amounted to more than \$2,200 billion at the end of 1985. There are more than 1,500 investment management organisations in the United States and, of these, some 90 offer international management capabilities; an even smaller number have secured fully discretionary global management appointments. The distinction between international investment and global investment is that, in the former case, the portfolio manager does not invest in securities of issuers within the United States, whereas, in the latter case, investments are made anywhere in the world including the United States.

The mutual fund industry in the United States is highly competitive with more than 1,300 mutual funds in existence of varying sizes offering a wide range of investment policies and objectives. Total mutual fund assets in the United States grew from \$134.8 billion to \$483.5 billion in the five years to 31st December, 1985.

The growth in mutual fund assets since 1980 has been primarily attributable to the increase in popularity of money market funds and bond and fixed income funds. Until 1982, Regulation Q of the Federal Reserve Board limited the rate of interest which banks and other savings institutions could offer depositors. Consequently, money market funds attracted savings from those investors seeking competitive income returns. A change in the Regulations in 1982 enabled banks to compete more effectively against money market funds for deposits. However, bond and fixed income funds also began to attract significant flows of savings by offering attractive yields to investors and have grown rapidly since 1982. As at 31st December, 1985, the total amount of money invested in money market and bond and fixed income funds amounted to \$378 billion.

Despite an initial slower growth rate, equity funds have followed the growth pattern of the industry, although they suffered a comparative decline in sales in 1984. Total assets invested in equity funds as a proportion of all mutual fund assets declined from 30.4 per cent. to 21.8 per cent., during a time of rising interest rates, in the five years between 31st December, 1980 and 31st December, 1985. However, total assets invested in equity funds over this period increased from \$41 billion to \$105 billion.

In the United States, mutual funds may be sold either with or without an initial sales charge. In the former case, a charge of up to 8.5 per cent. of the offer price is paid by the investor and is generally shared between the principal distributor of the fund and the broker-dealer through whom the sale was effected. This method is used for the Templeton Mutual Funds. In the latter case, no charge is payable at the time of investment but, in some instances, a charge is imposed at the time of redemption or an annual charge is made against the fund's assets. There are indications that this latter method of distribution is becoming more popular. In addition, certain mutual fund distributors are expanding the use of bank networks to sell shares of their funds.

RETIREMENT ACCOUNTS

One of the reasons for the increase in funds under management in the United States has been the development of the individual retirement account ("Retirement Account").

With effect from January, 1982, any person with earned income in the United States under the age of 70 may set up a Retirement Account. This type of plan enables such persons to deduct from their taxable income payments made to their own retirement pension schemes. The maximum available annual deduction is currently \$2,000, income earned on funds contributed to a Retirement Account accumulates tax free until withdrawn.

Currently, most Retirement Account money is invested with banks and savings and loan institutions; only about 15 per cent. is invested in mutual funds; representing approximately 6 per cent. of total amounts invested in mutual funds but 20 per cent. by number of all mutual fund accounts. Consequently, there is considerable scope for growth in this market and the Investment Company Institute, a trade association of mutual funds and associated investment managers, has estimated that total sums invested in Retirement Accounts will double to over \$400 billion by 1989.

BUSINESS

Record

The Templeton Group derives its income principally from investment management fees, mutual fund sales charges and shareholder servicing and administration fees. The following table shows funds under management as at 31st December in each of the years 1980 to 1984 and at 30th September, 1985, being the date to which the latest audited accounts have been prepared. The table also shows a breakdown of the Templeton Group's total income and profits from the two principal activities during the periods indicated.

In recent years, the companies now comprising the Templeton Group have had the benefit of investment income and gains arising from surplus funds held on deposit or in investments. Dividends have been declared for the year ended 31st December, 1985 which have reduced the net assets of the Templeton Group to approximately \$5 million as at that date. For the purposes of comparison, the table excludes investment income and gains, other than those attributable to SFA and Securities Fund Trust Company, where regulations require the maintenance of a minimum level of net assets.

	At 31st December					September	
	1980	1981	1982	1983	1984	1985	1985
Funds under management	995	1,376	1,812	2,680	3,169	4,094	
Mutual funds	995	1,376	1,812	2,680	3,169	4,094	
Others	168	173	287	754	1,172	1,906	
	1,163	1,549	2,099	3,434	4,341	6,000	

	Years ended 31st December					9 months ended 30th September	
	1980	1981	1982	1983	1984	1985	1985
Total income	5,000	5,000	5,000	5,000	5,000	5,000	

	Years ended 31st December					9 months ended 30th September	
	1980	1981	1982	1983	1984	1985	1985
Investment management fees:							
Mutual funds	3,519	5,633	7,079	11,646	13,134	12,935	
Others	396	572	781	1,882	3,767	4,800	
Distribution charges and other fees	20,579	33,753	25,855	37,798	45,483	42,654	
	24,494	39,958	33,715	51,326	62,384	60,389	
Operating profits							
Management fees	2,898	4,979	6,134	10,640	13,632	14,554	
Distribution charges and other fees	2,847	2,391	3,394	5,556	7,444	7,465	
	5,745	7,370	9,528	16,196	21,076	22,019	

	Years ended 31st December					9 months ended 30th September	
	1980	1981	1982	1983	1984	1985	1985
Profit before taxation, excluding investment income and gains (as above) and exceptional items	5,655	6,862	9,197	16,088	20,684	22,055	
Taxation	1,241	845	720	2,631	4,048	4,548	
Profit after taxation, excluding investment income and gains (as above) and exceptional items	4,414	6,017	8,477	13,457	16,636	17,507	

Templeton Mutual Funds

GENERAL

The following table illustrates the growth in percentage terms in unit value, assuming reinvestment of dividends and capital gains distributions, of each of the Templeton Mutual Funds from the date of its inception to 31st December, 1985.

comparative figures for the Morgan Stanley Capital International World Index, as adjusted for dividend yield:

Fund	Since 29th November 1954	Since 17th January 1978	Since 1st June 1981	Since 5th October 1982	Since 1st September 1983	Since 1st December 1985
	per cent.	per cent.	per cent.	per cent.	per cent.	per cent.
Growth	7,301	281.2	80.2	104.4	35.8	1,354
World	—	336.8	110.3	114.5	44.6	2,470
Global I	—	—	146.1	123.9	38.7	278
Foreign	—	—	—	78.4	39.4	118
Global II	—	—	—	—	33.3	356
Morgan Stanley Capital International World Index	—	238.7	100.8	118.6	—	57.8

The Morgan Stanley Capital International World Index is a principal index of world-wide stock market performance based on approximately 1,300 common stocks.

Total sums invested in the Templeton Mutual Funds have increased from 2.4 per cent. to 4.3 per cent. of total sums invested in all equity mutual funds in the United States over the period from 31st December, 1980 to 31st December, 1985.

With the exception of 1985, Templeton Growth Fund has appeared in each of the last 12 years in the Honor Roll of Forbes magazine of the best performing mutual funds; it is the only mutual fund to have done so. The Roll measures fund performance over the three preceding market cycles in order to give an indication of consistency of performance in varying market conditions. Furthermore, according to Johnson's Charts, a statistical rating agency for mutual funds, at 31st December, 1984, Templeton Growth Fund was ranked 39th, 6th and 1st respectively in terms of growth over the previous 10, 15 and 20 years. These positions are out of totals of 156, 128 and 69 funds respectively.

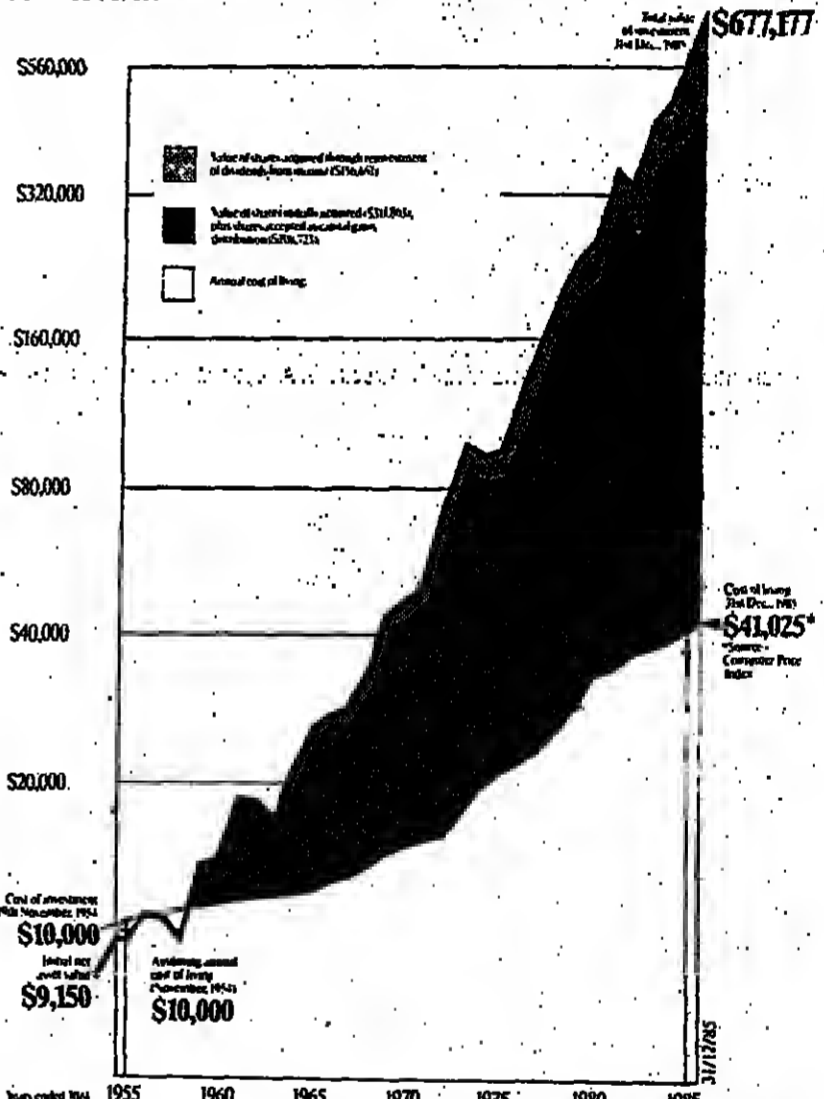
The Templeton Mutual Funds, which invest primarily in common stocks, operate within various restrictions on their investment policies, some of which are imposed by statute and others of which are accepted as conditions of the registration of their shares with the appropriate authorities. These restrictions include, for example, maximum levels of investment in any one industry or any one class of stock of a company and certain restrictions on illiquid investments.

Shares in the funds, which are qualified for sale in every State of the United States, are sold at the offer price which is calculated by reference to the net asset value per share. The offer price, which is computed daily, includes a sales charge of between 0.5 per cent. and 8.5 per cent. of the offer price. Reduced sales charges are made for quantity purchases and certain employee benefit plans. Shares may be purchased through a broker, which retains approximately four-fifths of the sales charge, or direct from SFT. At 31st December, 1985, individual shareholder accounts comprised over 97.8 per cent. of all Templeton Mutual Fund accounts, representing approximately 85.4 per cent. in value of all shares in issue.

Redemption of shares in any of the funds may be made upon receipt by SFT of a redemption request either direct from the shareholder or from a broker-dealer on the shareholder's behalf. The redemption price is the net asset value per share and payment must be made within seven days of receipt of a request in proper form. Shares may be exchanged between World, Foreign and Growth Funds without a sales charge.

Dividends and capital gains distributions payable to shareholders in the funds, other than those in respect of shares registered in the name of a broker-dealer, are all reinvested automatically in shares of the fund making the distribution unless a shareholder directs otherwise. Dividend and capital gains distributions on shares registered in the name of a broker-dealer are paid in cash. Dividends and distributions paid in cash during 1985 represented approximately 6.5 per cent. of the total income and capital gains of the funds.

The following chart is an illustration of an assumed investment of \$10,000 in Templeton Growth Fund at the date of its inception and its growth measured against the increase in the cost of living in the United States between 29th November, 1954 and 31st December, 1985.



Initial net asset value is the amount received by Templeton Growth Fund after deducting the maximum sales charge of 8.5 per cent. The cost of living as set out in the chart represents the annual change in the United States Consumer Price Index, applied to an initial value in November, 1954 of \$10,000. The Consumer Price Index is prepared by the United States Bureau of Labor Statistics based on prevailing economic factors.

INVESTMENT ADVICE AND FEES

Two companies in the Templeton Group provide investment advisory services to the Templeton Mutual Funds. The Company advises the United States incorporated funds, namely Templeton World Fund, Templeton Global I, Templeton Global II and Templeton Foreign Fund. A subsidiary, Templeton Investment Counsel Limited ("TICL"), advises Templeton Growth Fund which is incorporated in Canada. Subsequent to the incorporation of Templeton Growth Fund, legislative changes in Canada and the United States rendered it more advantageous to United States investors for the remaining mutual funds to be incorporated in the United States.

Each adviser furnishes the funds with investment research, advice and supervision and an investment programme which complies with any restrictions applicable to the relevant fund. A certain amount of research and information is provided to the investment advisers by TICL.

The investment advisers do not provide trading desk or daily pricing facilities. These facilities are provided by Dominion Securities Pitfield Limited in Toronto, which is an independently owned broker unconnected with the Templeton Group. The custodian of the assets of each of the funds is The Chase Manhattan Bank, N.A.

Templeton Growth Fund, Templeton World Fund and Templeton Foreign Fund each pays its investment adviser a quarterly fee equivalent to 0.125 per cent. of its average daily net assets during the preceding quarter, reduced to 0.1125 per cent. of such net assets in excess of \$200 million up to \$1,300 million and further reduced to 0.1 per cent. of such net assets in excess of \$1,300 million.

Templeton Global I and Templeton Global II each pays its investment adviser a fee, calculated monthly and paid quarterly, equivalent to 0.5 per cent. of its average daily net assets during the preceding month, adjusted upward or downward by one-twelfth of 0.05 per cent. for each 2 per cent. by which the fund's performance is better or worse than the performance of the Morgan Stanley Capital International World Index over the preceding 12 month period. The maximum annual adjustment is plus or minus 0.3 per cent. The maximum annual fee of 0.8 per cent. is due if the fund outperforms the index by 12 per cent. or more and the minimum annual fee of 0.2 per cent. is due if the fund underperforms the index by 12 per cent. or more.

Each of the investment advisory contracts with the Templeton Mutual Funds may continue in effect only so long as it is annually reviewed and approved by the board of directors of the fund or approved by a vote of the members of the fund and, in either event, is approved by the vote of a majority of the fund's directors who are not parties to the contract nor affiliates of any member of the Templeton Group. In addition, each such contract may be terminated without penalty by the fund on 60 days' notice and is automatically terminated in the event of its assignment. For this purpose, a contract would be considered to be assigned upon the occurrence of a transaction or event which would cause a direct or indirect change in control or management of the adviser. Although presumed to occur upon a future sale, gift or pledge of the Company's outstanding securities representing 25 per cent. or more of the votes of the Company's outstanding shareholder, if a contract terminates because of an assignment not involving consideration nor other benefits accruing to the Company or a controlling shareholder, the adviser may continue to serve the fund for up to 120 days, provided that the fund's board of directors, including a majority of those directors who are not parties to the contract nor affiliates of any member of the Templeton Group, approves a new contract which does not increase the compensation payable by the fund to the adviser. Continuation beyond the 120 day period is subject to approval by a vote of the board of directors.

TEMPLETON INTERNATIONAL

SELLING, DISTRIBUTION AND ADMINISTRATION

SFI, which is registered as a broker-dealer with the SEC and is a member of the National Association of Securities Dealers, Inc. (the "NASD"), sells shares in the Templeton Mutual Funds. This task is performed primarily through a network of some 1,700 broker-dealers, although during the year ended 31st December 1985, approximately 5.4 per cent. of sales were made direct.

SFI also acts as administrator for all the Templeton Mutual Funds except Templeton Growth Fund which maintains its own accounts and administration from Toronto. In this capacity, SFI provides office space, equipment and supplies for the funds, maintains their records, liaises with their shareholders and prepares their annual and semi-annual reports.

- 0.15 per cent. of the first \$200 million.
0.135 per cent. of the next \$500 million.
0.10 per cent. of the next \$500 million.
0.075 per cent. of the excess over \$1,200 million.

For the year ended 31st December, 1985, fees received for these services amounted to approximately \$3 million. SFI also acts as transfer agent and shareholder servicing agent, maintaining shareholder account records for the United States mutual funds.

It is proposed that SFTC will assume the functions of Securities Fund Trust Company and will act as custodian or trustee with respect to Retirement Accounts and retirement plans offered to employees of corporations, certain tax-exempt organizations and self-employed individuals.

For the year ended 31st December, 1985, income received for these services amounted to approximately \$4.4 million. Funds in a Retirement Account may be distributed to holders by means of an annuity.

SFI is subject to periodic examination by the SEC and the NASD. Under the SEC's rules, the ratio of SFI's total indebtedness to its net capital as defined by those rules may not exceed 15 to 1.

Other assets under management
Of the remaining funds managed by the Templeton Group, the majority are managed by TICl in Fort Lauderdale. As at 31st December, 1985, TICl had \$1,642 million under management in 54 accounts.

TICl generally charges annual investment management fees at the rate of 0.75 per cent. on the first \$10 million of funds under management, 0.5 per cent. on the next \$20 million and 0.35 per cent. on any additional funds.

The other funds are managed by the Company and two of its subsidiaries, John Templeton Counsellors, Inc. ("JTCl") and TICL, operating from the Bahamas. As at 31st December, 1985, these funds totalled \$748 million.

The Bahamas-based companies generally charge investment management fees varying between 0.5 per cent. and 0.25 per cent. per annum of the assets under management. Currently most of the assets under management are charged at the lower of these two rates.

All the above contracts will terminate in the event of a change in control of the investment adviser or sub-adviser. Substantially all of these contracts may continue, provided the client consents to such change in control.

TICl has recently formed Templeton Investment Management Limited ("TIML") in the U.K. for the purpose of providing investment management services to U.K. and other non-U.S. clients and research to other Templeton Group members.

Research
Research data is gathered by the Templeton Group from world-wide sources and is analysed by the Templeton Group's staff in the Bahamas, Fort Lauderdale and London. Securities which appear under-valued are identified and further research is applied to ascertain the potential for revaluation.

The research is co-ordinated by a team of chartered financial analysts, each of whom has been assigned specific geographical and company research responsibilities. There are currently some 50 primary sources of research material actively used by the staff.

An investment idea might arise from the Templeton Group's own analysis or from a recommendation from an outside source. Increasingly, however, investment ideas are arising out of computer screening techniques. A screening is a ranking or selection of stocks according to search criteria such as earnings growth rate, sales growth, return on capital employed and dividend yield.

Regulation
The Company and its investment management subsidiaries, with the exception of TIML, are registered as investment advisers with the SEC and are subject to various United States Federal and State regulations. These laws and regulations, which are primarily intended to benefit those to whom the companies render investment advisory services, generally grant supervisory agencies and bodies broad administrative powers, including authority to take action to limit or restrict the companies from carrying on their businesses if they fail to comply with such laws and regulations.

DIRECTORS, EMPLOYEES AND OPERATING FACILITIES

Directors

The following are the directors of the Company:-

John Templeton, Chairman of the Board, 73. Having earned degrees from Yale and Oxford Universities, in 1940 John Templeton became controlling shareholder and President of Universities, in 1940 John Templeton became controlling shareholder and President of Universities, in 1940 John Templeton became controlling shareholder and President of Universities.

Mr. Templeton has considerable private business, charitable and religious interests. He is founder of the Templeton Foundation Programme of Prizes for Progress in Religion and the Templeton Project Trust at St. George's House, Windsor. He is a member of the Endowment Management Council of Templeton College, Oxford and a trustee of the Endowment Fund at Balliol College, Oxford.

John Galbraith, Vice-Chairman, 64. Having qualified as a Certified Public Accountant, he joined Widdell & Reed in 1958 where, as a Senior Vice President, he was responsible for the formation and operation of mutual funds. In 1970 he joined Lexington Management Group where he became President and Director responsible for the distribution and operation of Lexington Mutual Funds.

Thomas Hansberger, President and Finance Director, 52. He became President of TICl in 1979, having been a portfolio manager and general partner of Stein Roe & Farnham, an investment firm based in Chicago. He is responsible for the overall operation of the Templeton Group, including the provision of financial analysis and the investment management activities of TICl.

Mark Holowesko, executive director and Vice President, 25. After leaving Roy West Trust Corporation in the Bahamas where he was an investment administrator, he joined the Company in 1985 as a research officer and security analyst.

Henry Montgomery, non-executive, 60. After an early career in investment banking in Canada with Nesbitt Thomson, he joined Lyford Cay Development Company in 1960 and retired, as Vice President, in 1980.

Lard Pritchard, non-executive, 75. is a director of a number of public and private companies including Rothmans International. He has recently retired from the boards of directors of Midland Bank and Samuel Montagu and is also a past director and Chairman of Allied Breweries.

Archibald Russel, non-executive, 67. Until 1981 he was President, Chairman and Chief Executive Officer of Hugh Russel Inc., a Canadian steel and machinery distribution company, and was a director of Templeton Growth Fund between 1970 and 1983.

Marcus Storch, non-executive, 43. is President of AGA AB, where he has been a board member since 1979. He is also Chairman of Trezor and Uddeholm and a board member of a number of companies including Esselte and Svenska Handelsbanken, Stockholm City Region.

John Templeton Jr., non-executive, 45. the eldest son of John Templeton, is a paediatric surgeon. He is Chairman of Templeton Growth World and Foreign Funds and President of Templeton Global I and Templeton Global II. He is also President of the Templeton Foundation.

Employees
As at 31st December, 1985, the Templeton Group employed a total of 205 staff, the majority of whom are employed in St. Petersburg. The remainder are employed in the Bahamas, Fort Lauderdale and London.

Staff can be categorised according to activity as follows:-
Investment research and management 21
Marketing and client relations 23
Financial and planning 23
Administration and customer servicing 136

The Company has adopted an Incentive Stock Option Plan for the benefit of Templeton Group employees, details of which are set out in paragraph 7 of "General Information" below.

TICl and SFI maintain profit-sharing plans for their employees, details of which are set out in paragraph 8 of "General Information" below.

Operating facilities
The Templeton Group has centres in the Bahamas, St. Petersburg, Fort Lauderdale and London and operates from the following premises:-

In the Bahamas, approximately 2,000 square feet at Lyford Cay, Nassau. The Company occupies these premises pursuant to agreements dated 1st October, 1985 and 1st January, 1986 with First Trust Bank Limited, a company owned by John Templeton, for a period to 30th September, 1986 to continue thereafter unless terminated by 30 days' written notice given by either party.

In St. Petersburg, approximately 40,000 square feet at 405 Central Avenue, a building owned by SFI. Of this space, approximately 29,000 square feet is occupied by SFI with the remainder being let to tenants on various leases the longest of which expires on 1st December, 1993.

In Fort Lauderdale, approximately 6,000 square feet at 1 Financial Plaza under leases dated 2nd March, 1981 and 19th June, 1981, terminating on 30th June, 1986 at a current annual rental of \$126,000. It is intended that TICl should move to alternative accommodation during 1986 comprising approximately 18,600 square feet at Broward Financial Center, 500 Broward Boulevard, under a lease dated 27th November, 1985 for a period of 10 years.

In London, TIML occupies approximately 900 square feet at City Tower, Basinghall Street, London EC2, under an agreement for lease dated 11th November, 1985, providing for the grant of a lease for a term expiring on 24th December, 1989 at an annual rent of £31,552 plus service charge.

PROFITS, DIVIDENDS AND PROSPECTS

Profits estimate
The Directors estimate that the profits after tax of the companies which now comprise the Templeton Group, for the year ended 31st December, 1985, will amount to \$23.9 million. This estimate excludes investment income and gains (other than those attributable to SFA and Securities Fund Trust Company) and exceptional items.

Letters from Robson Rhodes and Cazenove & Co., issued in connection with this estimate, are set out in paragraph 5 of "General Information" below.

Dividends
The Company's financial year is the calendar year. Dividends have been declared and paid in respect of the year ended 31st December, 1985 by the companies now comprising the Templeton Group, leaving the net assets of the Templeton Group at approximately \$5 million at that date.

It is the intention of the Directors to pay dividends for the 1986 financial year amounting to not less than 40 per cent. of profits after tax. On this basis, dividends would have totalled \$9.7 cents per share for the 1985 financial year based upon profits after tax of \$23.9 million for that year, as shown in "Profits estimate" above, and would have left retained profits for future investment of \$14.3 million.

It is the Directors' current intention to pay an interim dividend in October of each year and a final dividend in the following May. The first dividend payment will be in October, 1986 which will be the interim dividend for the year to 31st December, 1986. All dividends will be paid in U.S. dollars and, under current applicable laws, will be declared and paid without deduction of tax.

Prospects
The Directors have confidence in the long-term growth prospects of the Templeton Group and believe that the following factors are among those likely to influence the future expansion of the business of the Templeton Group:

- The growth in assets of the mutual funds managed is likely to be assisted by the reinvestment of annual dividends and other distributions in additional shares. Currently over 90 per cent. of the approximately 400,000 shareholder accounts in the funds are reinvested in this way.
New investment in the Templeton Mutual Funds has historically exceeded redemptions by a factor of approximately two times and currently sales of Templeton Mutual Funds are at record levels.
The Templeton Group is continually seeking to expand the range of services it can offer to its customers and also to acquire, at favourable prices, other investment management organisations.
The number of individuals investing in Retirement Accounts managed by the Templeton Group is increasing each month. Currently, there are more than 100,000 Retirement Accounts invested to Templeton Mutual Funds. An individual may invest up to a maximum of \$2,000 per annum in a Retirement Account.
The Templeton Group intends to make a significant marketing effort to extend its client base to other parts of the world.

The future prospects of the Templeton Group will be influenced by the rate of growth in funds under management and by the strength of markets around the world generally. There are, however, certain additional factors which are likely to work in the Templeton Group's favour in the future, the most important of which is the growth in total United States pension fund assets and, in particular, the amount of those assets which are likely to be invested outside the United States.

ACCOUNTANTS' REPORT

ROBSON RHODES

186 City Road
London EC1V 2NU
12th February, 1986

Messrs. Cazenove & Co.
Gentlemen.

Templeton, Galbraith & Hansberger Ltd. ("the Company") was incorporated under the name Templeton Investment Counsel Limited in the Cayman Islands on 20th November, 1981.

On 3rd January, 1986, pursuant to a Plan of Reorganisation:-

- In consideration for the issue of shares in the Company, the following companies became wholly-owned subsidiaries of the Company:-
Templeton Investment Counsel, Inc. ("TICl"), incorporated in Florida, U.S.A.;
Securities Fund Investors, Inc. ("SFI"), incorporated in Florida, U.S.A.;
Templeton Investment Counsel Limited ("TICL"), incorporated in the United Kingdom; and
John Templeton Counsellors, Inc. ("JTCl"), incorporated in Panama.
The Company acquired the whole of the undertaking and assets of Templeton Investment Advisers Limited ("TIAD"), incorporated in the Cayman Islands, in consideration for the issue of shares in the Company and the assumption of TIAD's liabilities.
SFI purchased 21 per cent. of the issued share capital, being all the share capital not already owned by SFI of Securities Fund Annuities, Inc. ("SFA"), incorporated in Florida, U.S.A., and 21 per cent. of the issued share capital, being all the share capital not already owned by SFI of Securities Fund Trust Company of Florida ("SFTC") for a cash consideration equal to net asset value at 3rd January, 1986. The income of Securities Fund Trust Company, incorporated in Texas, U.S.A., has in effect been assumed by the Templeton Group; and
12.1 per cent. of the issued share capital in SFI was redeemed and cancelled in consideration for the issue of 10 per cent. subordinated non-negotiable notes with an aggregate face value of \$8,900,000.

SFI owns the whole of the issued share capital of SFA and SFTC. TICl owns 75 per cent. of the issued share capital of Templeton Investment Management Limited, incorporated in the United Kingdom which since formation on 3rd April, 1985:-

We have examined the financial statements of the above named companies (together referred to as "the Templeton Group") for the periods relevant to this report. All financial statements have been audited in accordance with generally accepted auditing procedures and have been reported on without qualification, apart from the financial statements of TICl for periods up to 31st December, 1983. The results and assets of TICl during that period are not material to the context of the Templeton Group. The financial statements for the nine months ended 30th September, 1985 have been audited jointly by ourselves and our associated firm in the United States of America, McGladrey, Hendrickson & Pullen, Certified Public Accountants. McGladrey, Hendrickson & Pullen have audited the financial statements of SFI for all previous periods. The financial statements of the Company, TICl, JTCl and TIAD for all periods to 31st December, 1984 and TICl for the year ended 31st December, 1984 have been audited by other firms.

The financial information set out in this report has been prepared on a pro forma basis as if the Company and the Templeton Group, as constituted under the Plan of Reorganisation, had been so constituted throughout the period under review. The financial information has been compiled from the financial statements referred to above and is after making such adjustments as we consider appropriate. In our opinion the financial information set out below gives, for the purposes of the Offer for Sale a true and fair view of the state of affairs of the Templeton Group at 31st December, 1980, 1981, 1982, 1983, 1984 and 30th September, 1985 and of the results and source and application of funds of the Templeton Group for each of the periods ended on these dates.

Apart from the audited financial statements of the Company for the year ended 31st December, 1985, which are summarised in Note 15 to the financial statements below, no audited financial statements have been made up for any of the companies now comprising the Templeton Group since those at 30th September, 1985.

SIGNIFICANT ACCOUNTING POLICIES

Basic of Accounting
The financial statements are prepared under the historical cost accounting convention, on the basis of the accounting policies set out below which accord with accounting standards published by the International Accounting Standards Committee. They are stated in U.S. dollars.

Rates of Exchange
Foreign currencies are translated into dollars on the following basis:-
For assets and liabilities: at the closing rate on the balance sheet date.
For profit and loss account items: at the average rate for the accounting period.
Exchange differences arising from such translation are recorded as a reserve. All other exchange differences are recorded as ordinary trading items and included in the profit and loss account.

Turnover
Turnover represents the amount receivable for the period in respect of fees for advisory and management services rendered and commissions and revenue derived from the sale and servicing of mutual fund shares. Turnover is stated gross before the reallocation of any commissions.

Distribution Costs
These comprise direct costs related to sales of mutual fund shares and include commissions, and the expenses of sales and promotional material.

Administrative Expenses
These comprise all other expenses including all salaries and operating expenses.

Depreciation
Depreciation of tangible fixed assets is provided on a basis calculated to write-off the cost by equal annual amounts over the estimated useful lives of the assets, as follows:-
Office Building and Investments 30 years
Office Equipment 5-10 years
Transportation Equipment 5-7 years

The cost of the office building site is not depreciated.

Deferred Taxation
Deferred taxation is provided, using the liability method, for all timing differences which may give rise to a liability to the foreseeable future. Timing differences arise where items of income or expenditure of a revenue or capital nature are dealt with for taxation purposes in a different period than that in which they are credited or charged to the accounts.

Investments
Investments held as current assets are included in the accounts at the lower of cost and net realisable value, except for those securities held by SFI which are carried at market value in accordance with specialised accounting principles required of broker-dealers in the United States. The market value at the balance sheet date is given by way of a note to the accounts. Gains or losses on current asset investments are included in the profit and loss account under other operating income.

Profit Sharing Plans for Employees
The Templeton Group operates profit sharing plans covering the majority of its permanent employees. The amounts paid into these plans, which are for the benefit of providing retirement arrangements for the employees, are at the discretion of the directors. The amounts to paid are charged annually.

GROUP PROFIT AND LOSS ACCOUNTS

Table with columns for years ended 31st December (1980-1985) and 30th September 1985. Rows include Turnover, Distribution costs, Administrative expenses, Operating profit, Other operating income, Interest payable, Exceptional item, Profit on ordinary activities before taxation, Taxation, Profit on ordinary activities after taxation, Minority interest, Profit for the year, Earnings per Ordinary Share, Movement on reserves, Reserves brought forward, Profit for the year, Dividends, Redemption of shares in subsidiary companies, Sundry adjustments, Reserves carried forward.

GROUP BALANCE SHEETS

Table with columns for years ended 31st December (1980-1985) and 30th September 1985. Rows include Fixed assets, Tangible assets, Current assets, Debtors, Investments, Cash at bank and in hand, Creditors, Amounts falling due within one year, Net current assets, Total assets less current liabilities, Creditors, Amounts falling due after more than one year, Provisions for liabilities and charges, Net assets, Capital and reserves, Called up share capital, Additional paid up capital, Reserves, Shareholders' funds.

TEMPLETON INTERNATIONAL



GROUP SOURCE AND APPLICATION OF FUNDS STATEMENT

	Years ended 31st December					
	1980	1981	1982	1983	1984	1985
Source of funds	5,000	5,000	5,000	5,000	5,000	5,000
Profit on ordinary activities before taxation	4,072	7,874	10,326	17,790	22,424	28,066
Adjustment for item not involving the movement of funds: Depreciation	60	252	201	269	384	315
Total generated from operations	4,132	8,126	10,527	18,059	22,808	28,381
Funds from other sources	2,980	310	1,494	1,895	1,011	11,049
Receipts of loans	—	110	—	10	—	297
Additional share capital in subsidiaries	—	—	—	—	—	—
Total source of funds	7,112	8,546	12,021	19,964	23,819	39,727
Application of funds	11,729	11,132	11,918	13,601	15,821	14,911
Purchase of fixed assets	—	—	11,301	11,988	17	114,561
Redemption of shares in subsidiary companies	1873	1832	11,367	12,561	14,326	14,560
Taxation paid	11,857	12,412	15,504	11,461	18,491	114,976
Dividends paid	2,679	4,169	3,102	3,589	12,409	4,739
Increase/(decrease) in working capital	5,311	15,752	777	2,984	1,230	3,020
Debtors	111,203	12,286	125	12,857	1,398	11,451
Creditors	15,892	6,504	900	127	2,628	1,569
Net movement in liquid funds	6,641	15,478	11,153	1,598	1,444	1,343
Increase/decrease: Cash at bank	1701	3,141	3,355	1,864	10,225	116,434
Investments	—	—	—	—	—	19,939
Short-term deposits	2,679	4,169	3,102	3,589	12,409	4,739

NOTES TO FINANCIAL STATEMENTS

	Years ended 31st December					
	1980	1981	1982	1983	1984	1985
1. Operating Profit	498	1,047	1,079	1,169	1,213	978
Operating profit is stated after charging:						
Directors' remuneration	21	41	30	35	52	56
Auditors' remuneration	86	252	201	269	384	315
Depreciation of tangible fixed assets	—	—	—	—	—	—
Directors' remuneration has been stated as if the service contracts entered into on 3rd January, 1986 were in force for the periods relevant to this report.						
2. Other Operating Income	217	715	774	852	1,473	1,112
Other operating income comprises:						
Income from current asset investments	—	—	—	—	—	—
Bank deposit and similar interest	—	—	—	—	—	—
Gains on disposal of current asset investments	—	—	—	—	—	—
Realised and unrealised gain/loss on investments carried at value	294	(7)	2	773	1241	659
3. Interest Payable	93	508	372	250	801	419
Interest on bank loans and overdrafts and other loans repayable wholly within five years						
4. Exceptional Item	—	—	—	—	—	—
During 1980 SFI processed two redemptions which were subsequently found not to have been authorised by the rightful owners of the shares. SFI made good the shareholders' loss at a cost of \$2,066,000. Subsequent recoveries received in 1981 and 1982 amounted to \$745,000. Associated legal costs have been charged to this item. Since 30th September, 1985, a further recovery of \$300,000, less legal costs of \$78,000, has been received. No further recoveries are anticipated.						
5. Taxation	351	1,219	978	2,724	4,416	5,035
The charge for taxation is based on the profit on ordinary activities and comprises:						
U.S. Federal and other taxes	62	(2)	293	522	7	1264
Deferred taxation	413	1,217	1,271	3,246	4,423	4,771
No taxation arises on profits earned in the Bahamas.						
6. Earnings Per Ordinary Share						
Earnings per Ordinary Share are calculated on the profit for the year and on 160,000,000 shares, being the total number of Ordinary 'A' Shares and Ordinary (Limited Voting) Shares in issue at the date of the Offer for Sale.						
7. Dividends						
Included under this head are all dividends and other payments made to or on behalf of the shareholders of the companies now comprising the Templeton Group other than amounts treated as directors' remuneration. Since 30th September, 1985, further dividends in respect of the year ended 31st December, 1985 totalling \$6,440,000 have been declared by the companies now comprising the Templeton Group.						
8. Tangible Assets						
Land and buildings:						
Cost	1,581	2,557	4,275	4,428	4,510	4,618
Depreciation	37	334	341	483	632	754
Net book value	1,544	2,223	3,934	3,945	3,878	3,864
Office and transportation equipment:						
Cost	265	422	619	818	1,265	1,554
Depreciation	73	129	220	329	530	620
Net book value	192	293	399	479	735	934
Total net book value	1,736	2,516	4,333	4,424	4,613	4,798
Included in cost of land and buildings is \$180,678 of motor capitalised in 1981 and 1982 for which deferred taxes have been provided in respect of the timing differences.						
9. Debtors						
Trade debtors:						
In respect of mutual fund share trades	7,981	2,281	2,036	4,245	2,203	3,443
Other	1,622	1,870	2,616	3,472	5,840	7,978
Sum of debtors	83	212	267	292	1,217	583
Interest bearing deposits with banks	—	—	—	—	—	19,939
Prepayments and accrued income	461	31	152	146	125	401
	10,147	4,394	5,171	8,155	9,385	32,344
Amounts included above falling due after more than one year	58	94	295	284	204	628
10. Investments						
Marketable securities at lower of cost and market value	1,183	3,930	5,613	6,303	15,671	4,081
Other	1,462	1,854	3,526	4,700	5,527	723
Mutual funds at market value	2,645	5,784	9,139	11,003	21,228	4,804
Market value	2,812	5,944	9,357	14,258	24,356	4,980
11. Creditors						
(a) Amounts falling due within one year:						
Bank loans	1,016	2,118	2,181	583	945	2,156
Trade creditors:						
In respect of mutual fund share trades	14,043	2,264	2,011	4,203	2,173	3,399
Other	481	889	977	1,430	1,906	2,520
Taxation	26	413	23	309	298	374
Dividends	—	—	—	—	—	22,403
Accrued expenses and deferred income	41	56	98	311	466	67
	16,507	5,740	5,290	6,736	6,014	30,929
(b) Amounts falling due after more than one year:						
Bank loans	2,048	5,557	4,521	4,318	5,323	—
Subordinated non-negotiable notes	—	—	—	—	—	8,900
	2,048	5,557	4,521	4,318	5,323	8,900
Less current instalments due	(161)	(12,118)	(11,981)	(12,841)	(16,461)	—
	2,032	1,259	2,540	4,034	4,477	8,900

Borrowings at 30th September, 1985 are repayable:

	10 per cent. Subordinated Non-negotiable Notes
In one year or less on demand	5,000
Between 1 and 2 years	2,156
Between 2 and 5 years	2,000
In 5 years or more	6,000
	800
	2,156
	8,900

Included in Bank Loans at 30th September, 1985 are borrowings of \$2,150,000 from First Trust Bank Limited, a company owned by Mr. John Templeton, which have since been repaid. Interest was charged at annual rates between 9% and 12 per cent.

	At 31st December					At 30th September
	1980	1981	1982	1983	1984	1985
12. Provisions for Liabilities and Charges	5,000	5,000	5,000	5,000	5,000	5,000

Deferred taxation

Provided in respect of short-term timing differences including the effect of the excess of tax allowances over depreciation

	1980	1981	1982	1983	1984	1985
	123	121	414	936	943	679

At 30th September, 1985, there was a potential liability to U.S. taxation of \$274,000 if all the distributable reserves in the United States subsidiary companies were distributed to the Company.

	At 31st December					At 30th September
	1980	1981	1982	1983	1984	1985
Minority interest	19	17	18	—	—	18
	142	138	432	936	943	697

13. Source of profit and location of assets

	Years ending 31st December					At 30th September
	1980	1981	1982	1983	1984	1985
Source of profit on ordinary activities before taxation:						
Bahamas	2,671	5,304	6,678	10,907	12,846	17,870
U.S.A.	1,399	2,570	3,648	6,883	9,478	10,196
	4,070	7,874	10,326	17,790	22,424	28,066

	Years ending 31st December					At 30th September
	1980	1981	1982	1983	1984	1985
Net assets held in:						
Bahamas	2,398	5,149	6,082	5,525	12,490	3,470
U.S.A.	2,850	4,433	7,071	10,721	15,037	1,531
	5,248	9,602	13,153	16,246	27,527	5,001

	Years ending 31st December					At 30th September
	1980	1981	1982	1983	1984	1985
Minimum rentals	5,000	5,000	5,000	5,000	5,000	5,000
Contingent rentals	143	340	473	487	502	502
	5,143	5,340	5,473	5,487	5,502	5,502

The proposed long-term lease would commit the Templeton Group for the rental of office space for a ten-year period from the time the lease is entered into with a five-year renewal term after the tenth and fifteenth years. The minimum rental rate would escalate from the base rate by three per cent. each year.

Also, subsequent to 30th September, 1985 the Templeton Group entered into an agreement for the grant of an office lease in London covering a four year period at an annual rental of £31,552 plus service charge.

At 30th September, 1985, the Templeton Group was committed under a lease for office space in Ft. Lauderdale, Florida, expiring 30th June, 1986 with remaining rentals of \$68,000. Subsequent to 30th September, 1985, the Templeton Group entered into an agreement to occupy different office space. In connection with this relocation, amortisation of leasehold improvements aggregating \$94,000 will be accelerated over the period from 1st October, 1985 to 1st February, 1986. The terms outlined include future minimum rentals to the aggregate of \$4,800,000 and over the next five years as follows:

	Years ending 31st December				
	1986	1987	1988	1989	1990
Minimum rentals	5,000	5,000	5,000	5,000	5,000
Contingent rentals	24	99	—	—	—
	167	499	473	487	502

The proposed long-term lease would commit the Templeton Group for the rental of office space for a ten-year period from the time the lease is entered into with a five-year renewal term after the tenth and fifteenth years. The minimum rental rate would escalate from the base rate by three per cent. each year.

Also, subsequent to 30th September, 1985 the Templeton Group entered into an agreement for the grant of an office lease in London covering a four year period at an annual rental of £31,552 plus service charge.

From 30th November, 1981 to 31st December, 1985 the authorised and issued share capital of the Company was:

	\$
Common shares of \$1 each	4,000
Additional paid in capital	46,000
	50,000

On 31st December, 1985, the authorised share capital was increased by the creation of 40,000,000 Ordinary 'A' Shares of \$0.01 each and 160,000,000 Ordinary (Limited Voting) Shares of \$0.01 each. The Ordinary 'A' Shares and the Ordinary (Limited Voting) Shares rank *par passu* in all respects except that the Ordinary 'A' Shares carry five votes per share and the Ordinary (Limited Voting) Shares carry one vote per share. Ordinary 'A' Shares may be converted at the option of the holder into a similar number of Ordinary (Limited Voting) Shares at any time. Ordinary 'A' Shares and Ordinary (Limited Voting) Shares were allotted credited as fully paid in consideration for the cancellation of all the common shares in issue.

	At 31st December	
	1985	1984
Ordinary 'A' Shares	5,000	5,000
Ordinary (Limited Voting) Shares	—	—

On 31st December, 1985, in consideration for the cancellation of the common shares of \$1 each, the following shares were cancelled:

	Number of Shares	Value
Mr. J. M. Templeton	25,824,000	258,240
Mr. J. W. Galbraith	9,688,000	96,880
Mr. J. M. Templeton Jr.	3,503,400	35,034
Mr. T. L. Hensberger	880,000	8,800
Mr. M. G. Landry	70,300	703
Mr. G. P. Moly	35,200	352
	40,000,000	400,000

Allotted and fully paid: 40,000,000 Ordinary 'A' Shares of \$0.01 each and 120,000,000 Ordinary (Limited Voting) Shares of \$0.01 each

An option has been granted to acquire 1,600,000 Ordinary (Limited Voting) Shares at a price of 215p per Share at any time between 3rd January, 1991 and 2nd January, 1992.

(b) Summarised Profit and Loss Account for the year ended 31st December, 1985

Turnover	5,000
Operating profit	9,413
Other operating income	830
Profit on ordinary activities	8,718
Reserves at 1st January, 1985	5,706
Dividends	(112,854)
Capitalisation of reserves	(1,500)
Reserves at 31st December, 1985	1,070

(c) Summarised Balance Sheet at 31st December, 1985

Current Assets:	5,000
Debtors	949
Short-term investments	1,608
Cash at bank and in hand	18
Creditors (including dividends payable \$930,000)	(2,575)
	(195)
Net Assets	1,623

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and (g) any arrangement for the benefit of the employees of the Templeton Group under which he benefits in a similar manner as the employees and does not accord to any Directors such any privilege or advantage not generally accorded to the employees.

The remuneration of the Directors for their services as shall be determined by the Directors but shall not exceed in aggregate £20,000 per annum or such greater sum as the Company in general meeting may determine. The Directors may appoint one or more of their number to an executive office on such terms as they may determine. An executive Director shall receive such remuneration (whether by way of salary or commission, participation in profits or otherwise) as the Directors may determine either in addition to or in lieu of his remuneration as a Director.

The Directors on behalf of the Company may, subject to the provisions of any relevant legislation, exercise all the powers of the Company to grant pensions, annuities, gratuities and superannuation or other allowances or benefits in favour of any person including any Director or former Director or the relatives, connections or dependants of any Director or former Director. A Director or former Director shall not be accountable to the Company or its members for any such benefit and any such benefit so conferred shall not disqualify any person from being or becoming a Director of the Company.

The Directors may, subject to the provisions of any relevant legislation, exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future and unrealized capital) of the Company and issue debentures or other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

No person shall be disqualified from being appointed a Director and no Director shall be required to vacate office by reason of his having attained any particular age nor shall special notice be required of any resolution appointing or reappointing such Director.

Unless and until otherwise determined by ordinary resolution of the Company, the number of Directors shall be not less than five and not more than fifteen.

Subject to the Companies Law, a Director or other officer of the Templeton Group is entitled to be indemnified by the Company against all costs and liabilities incurred by him in the discharge of his duties or in relation thereto including any such costs and liabilities incurred in defending any proceedings relating to or arising out of or in connection with any act or omission by him as a Director, officer or employee and in which judgment is given in his favour or the proceedings otherwise discontinued or without any finding of admission of any material breach of duty on his part or in which he is acquitted or in connection with any application under statute for relief from liability in respect thereof in which relief is granted. The termination of any proceedings shall not of itself create a presumption that a person seeking indemnification has committed a material breach of duty and expenses incurred in defending proceedings may be paid by the Company in advance, as authorized by the Directors, on receipt of an undertaking by the person seeking indemnification to repay such amount unless it is ultimately determined that he is entitled to be indemnified by the Company.

5. Profits estimate
The following are texts of letters from Robson Rhodes and Cazenove & Co. addressed to the Directors in connection with the profits estimate—

The Directors,
Templeton, Galbraith & Hansberger Ltd.,
Lyford Cay,
Nassau,
Bahamas.

12th February, 1986

Dear Sirs,
We have reviewed the pro forma profits estimate for which the Directors are solely responsible of Templeton, Galbraith & Hansberger Ltd. and the companies which become its subsidiaries pursuant to the Agreement and Plan of Reorganization on 3rd January, 1986 (the "Templeton Group") for the year ended 31st December, 1985 set out in the Offer for Sale dated 12th February, 1986.

In our opinion the pro forma estimate has been properly compiled from the audited results of the Templeton Group for the nine months to 30th September, 1985 and the unaudited management accounts for the three months to 31st December, 1985 and has been prepared on a basis consistent with the accounting policies adopted by the Templeton Group.

Yours faithfully,
ROBSON RHODES
Chartered Accountants
12 Tokenhouse Yard,
London EC2V 2JN,
Nassau,
Bahamas.

12th February, 1986

Dear Sirs,
We have discussed with you and Robson Rhodes the pro forma profits estimate of Templeton, Galbraith & Hansberger Ltd. and its subsidiaries for the year ended 31st December, 1985 set out in the Offer for Sale dated 12th February, 1986. We consider that the estimate (for which the Directors are solely responsible) has been made after due and careful enquiry.

Yours faithfully,
CAZENOVE & CO.

6. Directors' and others' interests

(a) Following the Offer for Sale, the interests of the Directors, including their immediate families, in the capital of the Company (excluding Shares acquired pursuant to the applications referred to in paragraph (b) below), all of which are beneficial, will be as follows—

Director	Ordinary Shares	Preference Shares	Total Shares	Percentage of total votes
Mr. J.M. Templeton	29,326,400	73,32	47,970,480	30.97
Mr. W.G. Galbraith	9,483,000	23,22	19,376,000	16.15
Mr. T.L. Hansberger	880,000	1,30	1,760,000	1.47
Mr. M.G. Holowski	—	—	—	—
Mr. H.E. Montgomerie	—	—	—	—
Lord Pritchard	—	—	—	—
Mr. A.D. Russel	—	—	—	—
Mr. M. Storch	—	—	—	—
Mr. J.M. Templeton Jr.	—	—	10,682,320	8.90
				3.34

Mr. J. M. Templeton's interests are held partly through Faithfulness Limited, a Cayman Islands company wholly-owned by himself.

(b) The following Directors, including their immediate families, intend to make applications for the numbers of Shares set out below. These applications will be accepted in full—

Director	Shares
Mr. M. G. Holowski	800
Mr. H. E. Montgomerie	2,000
Lord Pritchard	2,000
Mr. A. D. Russel	2,000

(c) The Company has entered into an agreement dated 3rd January, 1986 with Mr. T. L. Hansberger under which Mr. Hansberger has been granted an option to acquire 1,600,000 Shares at 21 1/2p per Share at any time between 3rd January, 1991 and 3rd January, 1992, notice prior to the renewal date. The contract provides for the Company at the date of such acquisition. The agreement provides for an adjustment in the number of Shares subject to the option or to the option price in the event of certain changes in the capital of the Company and for adjustment to the option arrangements in the event of certain mergers and other transactions.

(d) The Company has entered into the agreements with First Trust Bank Limited, a Bahamian company wholly-owned by Mr. J. M. Templeton, referred to in "Operating Facilities" above.

(e) SFI has entered into a lease agreement dated 20th December, 1985, with Sueli Arcade Terrace Restaurant, Inc. a company wholly-owned by Mr. J. W. Galbraith, pursuant to which SFI leased part of the third floor of its premises at 405 Central Avenue, St. Petersburg, to that company for a period of one year (subject to renewal) at a rent of \$1,000 per month.

(f) Mr. J. M. Templeton Jr. and Mr. T. L. Hansberger have given personal guarantees in respect of the bank loan facility of \$1.5 million granted to TICI and referred to in "Operating Facilities" above.

(g) First Trust Bank Limited acts as a broker-dealer in respect of shares in the Templeton Mutual Funds and in the year ended 31st December, 1985 received in aggregate \$42,911 of commission in respect of sales of such shares.

(h) Mr. J. M. Templeton is President and Lord Pritchard is a director of Best Investments International Inc. a publicly held mutual fund incorporated in Panama and having gross assets of approximately \$50 million.

(i) The following service contracts have been entered into between Directors and companies in the Templeton Group—

(i) A contract dated 3rd January, 1986 between the Company and Mr. J. M. Templeton for a period of one year from that date automatically renewable for further periods of one month subject to termination by either party on giving at least 30 days' notice prior to the renewal date. The contract provides for an annual salary of \$160,000 and entitlement to participate in SFI's profit sharing plan. The contract also provides for an annual bonus equal to the difference (if any) between the amount paid by SFI to its profit sharing plan for the account of Mr. J. W. Galbraith and (ii) the amount paid by TICI to its profit sharing plan for the account of Mr. T. L. Hansberger.

(ii) A contract dated 3rd January, 1986 between SFI and Mr. J. W. Galbraith for a period of one year from that date automatically renewable for further periods of one month subject to termination by either party on giving at least 30 days' notice prior to the renewal date. The contract provides for an annual salary of \$190,000 and entitlement to participate in SFI's profit sharing plan. The contract also provides for an annual bonus equal to the difference (if any) between the amount paid by SFI to its profit sharing plan for the account of Mr. J. W. Galbraith and the amount paid by TICI to its profit sharing plan for the account of Mr. Hansberger.

(iii) A contract dated 3rd January, 1986 between TICI and Mr. T. L. Hansberger for a period of one year from that date automatically renewable for further periods of one month subject to termination by either party on giving at least 30 days' notice prior to the renewal date. The contract provides for an annual salary of \$160,000 and entitlement to participate in SFI's profit sharing plan. The contract also provides for an annual bonus equal to the difference (if any) between the amount paid by SFI to its profit sharing plan for the account of Mr. J. W. Galbraith and the amount paid by TICI to its profit sharing plan for the account of Mr. Hansberger.

(iv) A contract dated 3rd January, 1986 between the Company and Mr. T. L. Hansberger for a period of one year from that date automatically renewable for further periods of one month subject to termination by either party on giving at least 30 days' notice prior to the renewal date. The contract provides for an annual salary of \$240,000.

(j) Under an agreement dated 3rd January, 1984 (as amended) SFI performs as agent for Securities Fund Trust Company, a Texas company wholly-owned by Mr. J. W. Galbraith ("SFICT"). SFICT is a company which is in respect of retirement plan accounts of which SFICT is custodian in consideration of a fee equal to 0.5 per cent. of the fees payable to SFICT by such accounts. Mr. Galbraith has undertaken to pay to the Company a sum equal to the amount receivable by him, less applicable taxes, by virtue of the retention by SFICT of the remaining 0.5 per cent. of such fees.

(k) Save as disclosed in sub-paragraph (i) to (j) above, no Director is materially interested in any contract or arrangement effected by the Company since 31st December, 1984 or subsisting at the date hereof which is unusual in its nature or conditions or significant in relation to the business of the Company and its subsidiaries.

(l) The aggregate emoluments of the Directors for the year ended 31st December, 1985 totalled \$2,485,000. It is estimated that the aggregate emoluments of the Directors for the year ending 31st December, 1986 will not exceed \$1,400,000.

(m) Save as disclosed in sub-paragraph (i) to (j) above, no person, directly or indirectly, is interested in five per cent. or more of the issued share capital of the Company.

(n) Save as disclosed in this paragraph and in paragraph 2 above, no Director has any interest, direct or indirect, in the promotion of the Company, or in any assets which have been or are proposed to be acquired, disposed of, or leased to the Company.

(o) The Directors do not intend to sell any further Shares for a period of 12 months from the date of the Offer for Sale.

7. Option plan
On 17th January, 1986, the Company approved the Templeton, Galbraith & Hansberger Ltd. 1985 Incentive Stock Option Plan (the "Plan"), an incentive stock option plan which satisfies the requirements of section 422A of the United States Internal Revenue Code. Under the terms of the Plan, a Committee of the Directors, which shall consist of three or more of their number, may at its discretion, grant to any officer or employee, or to any subsidiary (other than an employee who owns, either directly or by attribution, share capital possessing more than ten per cent. of the total combined voting power of his employer corporation or of its parent subsidiary corporation) options to purchase Shares. No option may be exercised after six years from the date of its grant, except under limited circumstances, on option may be exercised until at least five years after the date of grant and, except under limited circumstances, lapses when the option holder ceases to be employed by the Company the option is granted. An option may be exercised by the option holder or a subsidiary of the Company. Early exercise may be permitted following the disability, retirement or death of an option holder. Early exercise may also be permitted in the event that the Company or any subsidiary is merged into, consolidated with or otherwise combined with or acquired by another person or entity, or there is a liquidation of the Company and in other specified circumstances.

The price payable by an employee on the exercise of an option will not be less than the fair market value of the Shares on the date the option is granted. The exercise of an option shall be deemed to be the date the option is granted of the Shares in respect of which any employee may be granted options in any calendar year under the Plan (when considered together with options granted under any other plan of the Company or its subsidiaries) may not exceed \$100,000, plus any unused limit earned over to such calendar year, which in no event will exceed \$30,000 for any calendar year. No options may be assigned or transferred otherwise than by will or by the laws of descent and distribution and options may not be exercised during the employee's lifetime only by the employee.

The Directors have the power to amend the Plan at any time, except that they may not increase the number of Shares subject to the Plan (together with any other options granted under the Plan) or the exercise price of the Shares or otherwise amend the Plan without the approval of the majority of the participants in the Plan without the approval of the majority of the Company's shareholders.

No amendment of the Plan or options granted under the Plan may, except with the consent of the option holders, adversely affect rights under an option previously granted.

More than 1,000,000 Shares, representing 64.25 per cent. of the issued share capital of the Company, following the Offer for Sale, may be issued pursuant to the Plan upon exercise of options. If an option terminates or expires without having been exercised in whole or in part, other options may be granted covering the Shares in respect of which the option was not exercised.

8. Profit sharing plans
SFI and TICI maintain defined contribution profit sharing plans covering their respective employees. Employees become members of the plans after completion of one year's service, however, any person employed for 1,000 hours during the financial year immediately preceding the year of the plan shall be deemed to have completed one year's service. Contributions by SFI and TICI are made to the plans by the board of directors of each company, up to 15 per cent. of employees' salaries (with a maximum of \$30,000 per employee). SFI's contributions are made to a trust which is invested in Templeton World Fund. TICI's contributions are made to a trust which invests in a portfolio of securities managed by TICI. Employees may make voluntary contributions subject to certain limitations. An employee's share of contributions made by SFI vests in the employee at a rate of 10 per cent. for each year of service; contributions by TICI vest in the employee at a rate of 20 per cent. for each year of service. For the year ended 31st December, 1985, SFI and TICI contributed to the plans the maximum 15 per cent. of all eligible employees' salaries, in aggregate amounts of \$244,002 and \$113,400, respectively.

9. Taxation
Taxation of the Company
Under current legislation there are no relevant corporate income taxes in the Cayman Islands or in the Bahamas and the Company's business is carried on in a manner which does not render it liable to United States or United Kingdom taxation. However, the profits of the Company's subsidiaries resident for tax purposes in the United States or the United Kingdom will be subject to taxation in their respective jurisdictions. Dividends paid to the Company by its United States resident subsidiaries will be subject to United States withholding tax at the current rate of 30 per cent. which will not be recoverable by the Company. Legislation is pending in the United States which, if enacted, would progressively increase this rate to 33.0 per cent. Dividends paid to TICI by its United Kingdom resident subsidiary will be paid subject to a payment of advance corporation tax by that subsidiary to the United Kingdom Inland Revenue at a current rate of three-sevenths of the dividend paid. Partial credit for any such advance corporation tax may be available to TICI.

Dividends paid by the Company to its shareholders are not subject to withholding tax in the Cayman Islands or in the Bahamas. Where the Company pays dividends to an employee agent in the United Kingdom, or collects through a bank in the United Kingdom, the paying agent or bank is required to deduct an amount of United Kingdom income tax at the basic rate, currently 30 per cent. This deduction will not apply to any shareholder who can satisfy the paying agent or bank that he is not resident in the United Kingdom.

Taxation of Shareholders
Dividends paid by the Company will be treated as income in the hands of a United Kingdom resident shareholder and, subject to any specific exemption or relief applicable to such a shareholder, will be subject to income tax or corporation tax on income. Any United Kingdom income tax withheld by a United Kingdom paying agent or bank will normally be available for credit, and in appropriate cases claim, against any United Kingdom income tax or corporation tax liability. Special rules apply to United Kingdom residents who are not domiciled in the United Kingdom and to British subjects or citizens of the Republic of Ireland who are not ordinarily resident in the United Kingdom.

Any gain arising on a disposal of Shares by a shareholder resident or ordinarily resident in the United Kingdom will normally be subject to capital gains tax or corporation tax on chargeable gains. Special rules apply to United Kingdom residents who are not domiciled in the United Kingdom.

Prospective shareholders should consult their own professional advisers in respect of the tax consequences of acquiring, holding or disposing of Shares.

10. Reports to shareholders
A printed copy of the consolidated accounts of the Templeton Group will be delivered or sent by post to the registered address of every shareholder at least 21 days prior to each annual general meeting of the Company. The first such report to be so dispatched will be in respect of the year to 31st December, 1986. Annual general meetings are expected to be held in the Bahamas in April of each year. In addition, it is intended that a separate information meeting for shareholders will be held in London in or about May of each year. Shareholders will also be sent an unaudited interim statement by 31st October of each year.

11. Dealings, settlement and transfer
After the last date for registration of renunciations, dealings in the Stock Exchange will be in pounds sterling for normal account settlement. It is expected that dealings will commence on Thursday, 27th February, 1986. National Westminster Bank PLC, Registrar's Department, will act as United Kingdom transfer agent for the Company's Registrars. It will accept, on behalf of the Company's Registrars, share certificates together with transfer forms signed by the transferor at its office at PO Box 82, 37 Broad Street, Bristol, BS69 7NH for registration in the Cayman Islands.

12. Material contracts
The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or its subsidiaries since 17th February, 1984 and are of material—

- (a) the Agreement and Plan of Reorganization;
- (b) the Offer for Sale Agreement; and
- (c) the option agreement referred to in paragraph 6(c) above.

13. General

- (a) Save as disclosed herein, there has been no material change in the trading or financial position of the employees of the companies now comprising the Templeton Group since 30th September, 1985 (the last date to which audited financial statements of all such companies were made up).
- (b) No litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.
- (c) Robson Rhodes, Cazenove & Co and Vernon Shea & Associates, Inc. have given and have not withdrawn their respective written consents to the issue of the document with the inclusion hereof of their reports and letters, their letters, and references to their valuations respectively, in each case in the form and content in which they are included.
- (d) The principal place of business of the Company is at Lyford Cay, Nassau, Bahamas. The number of employees of the companies now comprising the Templeton Group on 31st December, 1985, 1984 and 1983 was 157, 176 and 205, respectively.
- (e) In the opinion of the Directors, the working capital of the Templeton Group is sufficient for its present purposes.
- (f) The Company's annual accounts have been audited for the financial periods ended 31st December, 1985, 1984, 1983, 1982, 1981 and 31st December, 1980 by Thorpe Reed & Partners Chartered Accountants, of Suite 201, Bico Building, PO Box 5720, Nassau, Bahamas and for the financial year ended 31st December, 1984 by Robson Rhodes and McGladrey, Henderson & Puller.

14. Documents for inspection
Copies of the following documents will be available for inspection at the offices of Simmons & Simmons, 22 Dominion Street, London EC2M 2JY during normal business hours on any weekdays (excluding Saturdays and public holidays) for 14 days after publication of this document—

- (a) the Memorandum and Articles of Association of the Company;
- (b) the consents referred to in paragraph 13(c) above;
- (c) the report of Robson Rhodes and their statement of adjustments;
- (d) the valuation of Vernon Shea & Associates, Inc. referred to in "Operating Facilities" above;
- (e) the contracts specified under "Material contracts" above;
- (f) the service contracts referred to in paragraph 6(i) above;
- (g) the audited accounts of the Company and each of its subsidiaries for their last two financial periods; and
- (h) the share option plan and profit sharing plans referred to in paragraphs 8 and 9 above.

Dated 12th February, 1986

TERMS AND CONDITIONS OF APPLICATION

- Acceptance of applications will be conditional upon the Shares being admitted to the Official List not later than 20th February, 1986 and upon the Offer for Sale Agreement referred to in this document not being terminated. Application moneys will be returned (without interest and at the risk of the applicant) if such conditions are not satisfied and, in the meantime, will be retained by National Westminster Bank PLC in a separate account.
- Cazenoves reserves the right to reject in whole or in part or to scale down any application and, in particular, multiple or suspected multiple applications and to present for payment any cheques or banker's drafts immediately upon receipt. If any application is not accepted in whole or in part or is scaled down, the application moneys or, as the case may be, the balance thereof, will be returned (without interest) by returning the applicant's cheque or banker's draft or by crossed cheque in favour of the applicant(s) through the post at the risk of the person(s) entitled thereto.
- No person receiving a copy of this document or the Application Form in any territory other than Great Britain may treat the same as constituting an invitation or offer to him, nor should he in any event use such form, unless in the relevant territory such an invitation or offer could lawfully be made to him or such form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside Great Britain who makes an application hereunder to satisfy himself as to full observance of the laws of any relevant territory, including the obtaining of any governmental or other consents which may be required and compliance with any other formalities in such territory and to pay any transfer or other taxes required to be paid in such territory in respect of Shares acquired by him hereunder.
- The Shares offered pursuant to the Offer for Sale have not been and will not be registered under the United States Securities Act of 1933, as amended. Accordingly, such Shares may not be offered, sold, renounced or transferred, direct or indirectly, in the United States or to or for the benefit of any United States person or to any person purchasing such Shares for resale, renunciation or transfer in the United States or for the benefit of any United States person as part of the distribution of such Shares. Application Forms to be used in connection with the Offer for Sale incorporate a warranty that the applicant is not a United States person and is not applying on behalf of, or with a view to resale to, a United States person. Registration application forms on Letters of Acceptance will contain a warranty to the same effect by, or by a duly authorized person on behalf of the person, in whose names the Shares are to be registered. "United States person" means any national or resident of the United States or the estate or trust of any such person, any corporation, partnership or other entity created or organized in or under the laws of the United States, or any political subdivision thereof; "United States" means the United States of America, its territories and possessions.
- By completing and delivering an Application Form, you are applying for—
 - (a) offer to purchase the number of Shares specified in your Application Form for such smaller number of Shares for which the application is accepted subject to the provisions of this document and the Memorandum and Articles of Association of the Company;
 - (b) authorize National Westminster Bank PLC, New Issues Department, to send a Letter of Acceptance for the number of Shares for which your application is accepted and a crossed cheque for any money returnable by post, at the risk of the person(s) entitled thereto, to your address (or that of the first-named applicant) as set out in the Application Form and to procure that your name (together with the names) of any other joint applicants (where placed in the Register of Members of the Company in respect of such Shares, the entitlement to which has not been duly renounced).

- I agree that, in consideration of Cazenoves agreeing that it will not prior to 20th February, 1986 offer to sell any of the Shares the subject of the Offer for Sale to any person other than by means of the procedures referred to in this document, your application may not be revoked until after 5th March 1986 and that this paragraph shall constitute a collateral contract between you and Cazenoves which will become binding upon despatch by post to or as the case may be, receipt by National Westminster Bank PLC, New Issues Department, of your Application Form.
- I warrant that your renunciation will be honoured on first presentation.
- I agree that any Letter of Acceptance and any money returnable to you may be retained by National Westminster Bank PLC pending clearance of your renunciation.
- I agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Sale shall be governed by and construed in accordance with English Law.
- I warrant that, if you sign the Application Form on behalf of somebody else, you have due authority to do so.
- I confirm that in making such application you are not relying on any information or representation in relation to the Company other than those contained in this document and you accordingly agree that no person responsible solely, or jointly for this document or any part thereof shall have any liability for any such other information or representation.
- I warrant that you are not a United States person as defined above and are not applying on behalf of, or with a view to resale to, a United States person.
- I warrant that you will only make one application under the Offer for Sale and that no other person has made or will make any other application on your behalf.
- All documents and cheques sent by post will be at the risk of the person(s) entitled thereto.
- The basis of allocation will be determined by Cazenoves in consultation with the Vendors. In so determining Cazenoves will have regard to the need to establish a satisfactory market in the Shares, for which purpose a reasonable number of shareholders is required. Acceptance of applications will be effected at the election of Cazenoves either by withdrawal of the lots of allocation in the Stock Exchange or by the determination of the number of Shares for which application is accepted pursuant to arrangements between the Vendors, Cazenoves and National Westminster Bank PLC.

Copies of this document with Application Forms attached may be obtained from—

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN

National Westminster Bank PLC,
New Issues Department,
2 Prince Street,
London EC2P 2BD

and from the following branches of National Westminster Bank PLC—

London—West End	Leeds	Edinburgh
250 Regent Street	8 Park Row	80 George Street
Birmingham	Liverpool	Glasgow
Colmore Centre, 103 Colmore Row	22 Castle Street	14 Blythwood Square
Bristol	Manchester	Belfast
32 Corn Street	55 King Street	Ulster Bank Limited, 47 Donegall Place

PROCEDURE FOR APPLICATION

- Insert in Box 1 (in figures) the number of Shares for which you are applying. Applications must be for a minimum of 100 Shares or in one of the following multiples:
 - for more than 1,000 Shares, in multiples of 100 Shares;
 - for more than 1,000 Shares, but not more than 5,000 Shares, in multiples of 500 Shares;
 - for more than 5,000 Shares, but not more than 10,000 Shares, in multiples of 1,000 Shares;
 - for more than 10,000 Shares but not more than 30,000 Shares, in multiples of 5,000 Shares;
 - for more than 30,000 Shares, in multiples of 10,000 Shares.
- Insert in Box 2 (in figures) the amount of your cheque or banker's draft.
- This is a warranty that you are not a United States person and are not applying on behalf of or with a view to resale to a United States person. The definition of "United States person" is in paragraph 4 of "Terms and Conditions of Application" above.
- Sign and date the Application Form in Box 4.

The Application Form may be signed by someone else on your behalf (and/or on behalf of any joint applicant(s)) if duly authorized to do so but the power(s) of attorney must be enclosed for inspection. A corporation should sign under the hand of a duly authorized officer whose representative capacity must be stated.
- Insert your full name and address in BLOCK CAPITALS in Box 5.
- You must pin a single cheque or banker's draft to your completed Application Form. Your cheque or banker's draft must be made payable to "National Westminster Bank PLC" for the amount payable on application inserted in Box 2 and must be crossed "Non-transferable, Templetton".

No receipt will be issued for this payment, which must be solely for this application. Your cheque or banker's draft must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be presented for payment through the clearing facilities provided by its clearing bank. The cheques and banker's drafts must bear the appropriate sorting code number in the top right hand corner and must be for the full amount payable on application.

Applications may be accompanied by a cheque drawn by someone other than the applicant(s), but any money to be returned will be sent by crossed cheque in favour of the person(s) named in Box(es) 5 and 7.
- You may apply jointly with other persons.

You must then arrange for the Application Form to be completed by or on behalf of each joint applicant (up to a maximum of three other persons). Their full names and addresses should be inserted in BLOCK CAPITALS in Box 7.
- Box 8 must be signed by, or on behalf of, each JOINT APPLICANT (other than the first applicant who should complete Box 5 and sign in Box 4).

If any one is signing on behalf of any joint applicant(s), the power(s) of attorney must be enclosed for inspection.

You must send the completed Application Form by post, or deliver it by hand, to National Westminster Bank PLC, New Issues Department, PO Box 79, 2 Prince Street, London EC2P 2BD so as to be received not later than 10 a.m. on 19th February, 1986.

If you post your Application Form, you are recommended to use first class post and allow at least two days for delivery.

Photostat copies of Application Forms will not be accepted.

BASIS OF ACCEPTANCE AND DEALING ARRANGEMENTS

The application lists will open at 10 a.m. on 19th February, 1986 and will close as soon thereafter as Cazenoves may determine. The basis on which applicants have been accepted will be announced as soon as possible after the application lists close. It is expected that Letters of Acceptance will be posted to successful applicants on 20th February, 1986 and that, subject thereto, dealings in the Shares will commence on 27th February, 1986. Arrangements have been made for registration of all the Shares now offered for sale, free of stamp duty and registration fees, in the names of purchasers or persons in whose favour Letters of Acceptance are duly renounced provided that in the cases of renunciations Letters of Acceptance are fully completed in accordance with the instructions contained therein) are lodged for registration by 3.00 p.m. on Friday, 1st August, 1986. Share certificates will be despatched by Friday, 5th September, 1986. The Shares offered pursuant to the Offer for Sale have not been and will not be registered under the United States Securities Act of 1933, as amended, and accordingly should not be acquired by, or on behalf of, United States persons during the renunciation period, or otherwise as part of the distribution of such Shares. Persons applying for registration of renunciations will be required to sign a declaration of non-United States beneficial ownership.

Templeton, Galbraith & Hansberger Ltd.

(Incorporated in the Cayman Islands with limited liability)

APPLICATION FORM

Offer for Sale by Cazenove & Co. of 40,000,000 Ordinary (Limited Voting) Shares of U.S.\$0.01 each at 21 1/2p per Share, payable in full on application.

I/We offer to purchase

Shares in Templeton, Galbraith & Hansberger Ltd. for any smaller number of Shares for which this application is accepted at 21 1/2p per Share on the terms and subject to the conditions set out in the Offer for Sale document dated 12th February, 1986 and this form and subject to the Memorandum and Articles of Association of Templeton, Galbraith & Hansberger Ltd.

and I/we attach a cheque or banker's draft for the amount payable, namely £

I am/We are not (a) United States person(s) (as defined in the Offer for Sale document) and am/are not making this application on behalf of, or with a view to resale to, a United States person.

Dated February, 1986

Signature

PLEASE USE BLOCK CAPITALS

Box 1:

Box 2:

Box 5:

Box 7:

Box 8:

FOR OFFICIAL USE ONLY

1 Acceptance number

2 Shares allocated

3 Amount received

4 Amount payable

5 Amount returned

6 Cheque number

PLEASE USE BLOCK CAPITALS

Mr. Mrs. Miss or title	Forenames	Mr. Mrs. Miss or title	Forenames	Mr. Mrs. Miss or title	Forenames
Surname	Surname	Surname	Surname	Surname	Surname
Address	Address	Address	Address	Address	Address
Postcode	Postcode	Postcode	Postcode		

CRICKET

Holding's pace poses a familiar problem

From John Woodcock, Cricket Correspondent, Kingston, Jamaica

England got off to a shaky start against Jamaica here yesterday, losing the wickets of Robinson and Gower in the first hour while scoring 44. The bowling of Holding and Walsh was fast and impressive, without being excessively short.

The pitch, too, has changed. Rather than looking like a slab of marble it has a motley appearance - mostly bare but with the odd green patch. England will hope that the Test match strip is not mostly green with the odd bare patch. On yesterday's evidence it is of a good pace for batting.

Robinson was out in the eighth over, caught in the gully as he had looked as though he might be when the faster bowlers pitched short to him in Antigua. Anything well up he played comfortably; anything under-pitched unsettled him. Holding, seeing the possibilities of this, positioned two gullies, the finer of whom held a falling catch as Robinson spinned.

Slack seals welcome victory

From Simon Wilde, Colombo

Wilf Slack and Chris Smith yesterday gave the first demonstration to the Sri Lankan public of the batting potential of the England B side. Slack, 122 not out, and Smith, 60 not out, shared an unbroken partnership of 146 in 20 overs to take England to a seven-wicket win over Sri Lanka at the Nondescript CC ground in the final one-day match of the series.

England's target had been 206, a higher total than either side achieved in any of the five matches, but they reached it with 10 balls to spare. Despite this defeat, Sri Lanka took the series 3-2.

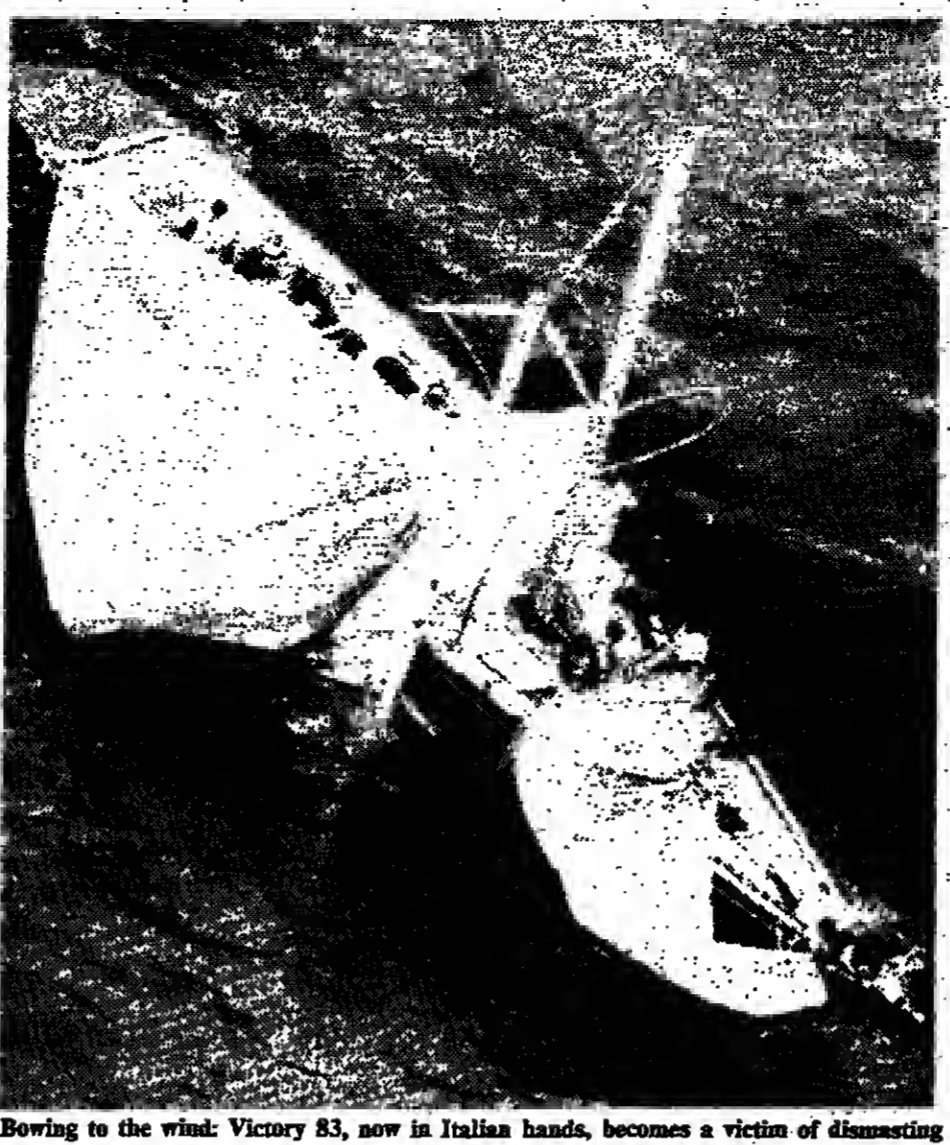
Slack's century, only the second for England on the tour after Smith's 116 in the second game, was a personal triumph. He has worked hard at his cricket here, seeming to have overcome an initial difficulty against the spinners, and he had never before made a hundred in a competitive one-day match.

Australia seek revenge

Sydney (Reuters) - Australia led for a six-week tour of New Zealand yesterday with their captain, Allan Border, emphasizing his team's determination to avenge their recent home Test series defeat.

"We want to put the record straight. It was disappointing losing to the Kiwis. I don't mind being beaten by a better side, but not by New Zealand. But we have changed in our personal attitudes, although we do realize Richard Hadlee will still be a stumbling block."

England's foresight in arranging an extra training session at Twickenham earlier this month paid dividends yesterday as they moved to Scotland to make their final dispositions for tomorrow's Calcutta Cup match at Murrayfield. They were unable to train properly together as a team because of the harsh weather, so the extra coaching was money in the bank.



Bowing to the wind: Victory 83, now in Italian hands, becomes a victim of dismaying

RUGBY UNION: FORWARDS AND BACKS SPLIT FORCES TO DEFEAT THE FREEZE

England find ways of cheating the weather

By David Hands, Rugby Correspondent

England's forwards and backs split their forces to defeat the Italian team in a scrumming contest at Murrayfield. The forwards were particularly effective in their scrumming, while the backs were more active in their attacking play.

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US spend \$1m on brain scan

Baltimore (UPI) - The United States Amateur Boxing Federation have provided \$1 million to Johns Hopkins University researchers to see whether Olympic boxing poses excessive risk of brain damage and to develop simple tests to determine if a boxer is prone to head injuries.

The study will examine whether physical conditioning plays a role in the prevention of head injuries and whether there is a way for doctors to detect the threat of a brain injury.

Chuter's hand on tiller

Penny Chuter has accepted the new post of director of international training. She will take charge from junior through to senior level with sole responsibility for training, performance, coaching, selection, administrative organization and financing of British international rowing.

Simon Barnes

Rugby has become a mixture of mayhem and machismo. The game is becoming more and more physical, with players using their hands and feet to gain an advantage over their opponents.

Andrew puts the kick in its place

Andrew, the play-maker, has put the kick in its place. He has shown that a kick should be used as a tactical weapon rather than a desperate attempt to score a try.

Evans points to the positive approach

Evans points to the positive approach in the game. He believes that players should focus on their strengths and work together to overcome their opponents' weaknesses.

Support for the view that try scoring should be given top priority

There is support for the view that try scoring should be given top priority in the game. Many players and fans believe that a try is the most valuable form of scoring.

Birkenhead lose only two matches

Birkenhead have lost only two matches in their recent season. This is a testament to the team's resilience and the coaching staff's tactical acumen.

Football

Millwall have chance of FA reprieve. The all-ticket penalty handed out to Millwall in November is likely to be lifted by the Football Association, provided the club's financial situation improves.

FOR THE RECORD

Table with columns for Football, Ice Hockey, Basketball, Tennis, and Squash Rackets, listing various sports events and results.

Today's Fixtures

Table listing today's fixtures for various sports including Football, Basketball, Tennis, and Squash Rackets.

Other Sport

Other sports news including updates on various international and domestic competitions.

Football

Football news including reports on league matches, player transfers, and club activities.

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Long di... disenc... the view... Still retu... scene of... Russians in... VOLLEYBA... India nearc...

Football: Europe's bridge of peace could yet prove to be a bridge too far for Robson's warriors

Long distance leading disenchantment to the view from England

By Stuart Jones, Football Correspondent
England are expecting a fate similar to their World Cup one in Mexico when the draw for the European Championship is made in Frankfurt today. The odds are that Bobby Robson's side will be asked to visit distant, uninviting cities on the Continent over the next two years.

Still returns to scene of glory

John Still, who has been appointed manager of Leytonstone-Hford for the second time, is having to rebuild the Vanhall-Ope League club's team after the departure of all but four of their players. Only Downer, Kane, Pheto and Simmonds have stayed at the club after the dismissal last week of Trevor Harvey, who had been manager since last summer.



Dixon: hopes to be fit for England's match in Tel Aviv

England ambition spurs Dixon on

Kerry Dixon, the Chelsea and England forward, has been given the all-clear to resume his World Cup campaign. The squad for the friendly international in Israel on February 26 will be named on Monday and although Dixon has not kicked a ball since being carried off four games ago, John Hollins, the Chelsea manager, said: "He'll be okay for England."

Scots nearer solution

The nine "rebel" clubs who have threatened to form a breakaway league next season appear to have reached a compromise with the Scottish League on the main stumbling block of promotion and relegation.

Atkinson's Anfield comments criticized

Ted Croker, the secretary of the Football Association, has accused the Manchester United manager, Ron Atkinson, of sensationalizing last Saturday's violence at Anfield. Atkinson said Liverpool's ground had become a hotbed for visiting teams after his players had been showered with a potentially disabling spray when they arrived at Anfield. He said a player could get killed there.

United get foothold in Europe

Manchester United are the first English club to confirm a date for a match in Europe since the ban on clubs was lifted to allow friendly matches. United will play a friendly in Italy against AC Milan at the San Siro Stadium on April 29.

Words can be as damaging as deplorable deeds

Ron Atkinson, the Manchester United manager, has this week given his name to a tabloid newspaper attack on Liverpool supporters, following last Sunday's incident, under a headline screaming: "I Hate Anfield". He is thereby a contributor to the escalation of the distorted emotions which lie at the root of crowd behaviour.

Threat to football and Samaranch

Trouble is brewing, I fear, for Juan Antonio Samaranch, president of the International Olympic Committee, with the executive board's approval yesterday of the new eligibility code to be put before the session in October. It could cost Samaranch the election should he decide to go for a third term of office in 1989.



David Miller

He took exception, justifiably, to questions directed at his chairman about alleged improper behaviour over the offer to Bob Paisley and the subsequent voting. When emotions cool, I think the Press and public will be glad to have Charlton and not Paisley.

Russians in control

Turin (Reuters) - The Soviet Union dominated a triangular indoor athletics meeting against Italy and Yugoslavia, winning 18 of the 21 events. The young Soviet team were successful in 10 of the 12 male events and eight of the nine female events.

Polonia nearer to title

Polonia seem already to have one hand on the Royal Bank English League title after their 3-2 victory over Speedwell Rucanor, their closest rivals in Bristol last weekend. Speedwell must now win at Polonia's west London home court in the return on February 22 to have a chance of taking the championship from the holders. The odds seem to be stacked in Polonia's favour, yet history at least favours Speedwell. Polonia have won on the last three occasions they have visited Speedwell in the league.

Canadians to prepare on Irish turf

The top 12 nations of the world are to get their sights on the women's World Cup in July in Amsterdam but there is also a match at Wembley Stadium, the Mecca of all international hockey. The Canadians are to play on Irish turf at the start of a six-week tour which ends in the USSR. To prepare for the match at Wembley they are playing five matches in Ireland, four of them on grass. This has posed a problem for the Irish, who normally play on fine artificial pitches.

GB call 27 to training

The Great Britain Men's Hockey Board have invited 27 players for a training weekend at Lilleshall from February 21 to February 23 (Sydney Friskin writes).

England's outstanding footballer recovers from his most traumatic period

Trial by ordeal for England's captain



Robson: absence made more frustrating by excess of physical exuberance

These are interesting times for Bryan Robson, if only in the sense of the Chinese proverb which wishes that one's enemies should live in interesting times. A frustrating 12 months, beginning with a shoulder injury freakishly sustained, have culminated in a depressing last fortnight. After a further four-month absence with leg injuries, his comeback game at Sunderland was cut short when he was sent off for the first time in his career. More bad news followed a week later at West Ham, where, after an auspicious start, his goal having given Manchester United the lead, things again turned sour. He suffered another injury, turning over his ankle, and West Ham was to prevent United returning to the top of the table, a position they had lost for the first time this season the previous day.

Peter Ball

RACING: AN APPRAISAL OF SOME CHOICE FIRST-SEASON STALLIONS

Great expectations for Rousillon

By Michael Phillips While racing has been brought to a standstill by the current freeze-up, life is warming up on the studs with the arrival of early foals. And it will become a great deal more hectic after Saturday when the new covering season begins.

An appraisal of the young horses taking up stud duties for the first time this year reveals that no one is entitled to look forward to the new breeding season more than the successful Saudi businessman Prince Khaled Abdullah, whose green, pink and white racing silks have become very much part of our racing life since 1980 when Knowna Fact gave him his first taste of success in a classic. During the past three years those same colours were carried with distinction by both Rousillon and Rainbow Quest.

Now the time has come for those two fine equine athletes to attempt to pass on their own excellence. Such is the lottery of bloodstock breeding no one can be sure that they will succeed. Both are assured of the best possible start though.

As the staff of our National Stud mourn the loss of Mill Reef they can at least console themselves with the knowledge that they have a really exciting new resident in Rousillon who, by pure chance, happens to be a grandson of Mill Reef's sire, Never Bend.

Sadly for European breeders it did not take long to realise that the French had erred badly when they allowed Riverman, Rousillon's sire, to be exported to the United States in 1980 to stand on the Gainesway farm in Kentucky. Hindsight has shown that France's loss was undoubtedly America's gain. So we are indeed fortunate that Prince Khaled decided to syndicate Rousillon and stand him at Newmarket with the National Stud investing in five shares. Rousillon was a racehorse with fire in his belly and I am not remotely surprised that his shares and nominations have changed hands like hot-cakes. He looks a good bet to succeed as a stallion. As a racehorse



Rousillon, who had few peers in top-class mile events.

he had few peers over seven furlongs or a mile. In deciding to keep Rainbow Quest in this country and stand him on his own Juddmonte Stud, near Wargrave-on-Thames in Berkshire, Prince Khaled has done British breeders a further service. Like Rousillon he was a top class racehorse, but arguably the more versatile. Also pursist would say that he has the more appealing bottom line in his pedigree. Not that that is a prerequisite as admirers of Shirley Heights will be quick to point out.

My memory of Rainbow Quest is one of a flamboyant mover who was blessed with the speed to excel over seven furlongs or a mile, and the stamina to succeed at the highest level over a mile and a half. With Blushing Groom, Red God and Nasrullah in the top half and Herberg, Raise A Native and Native Dancer in the bottom half of his pedigree, he combines the best of all worlds.

Apart from Khaled Abdullah, I can think of no other person who will be looking forward to the new breeding season more than Rhyddan Morgan-Jones, the managing director of Thoroughbred Management Services.

For apart from organising the syndication of Rousillon, his relatively newly-formed London-based company is also managing the affairs of Bairn, Never So Bold, Norwick and Siberian Express, all new to the ranks of stallions.

While syndicating Never So Bold in the middle of that triumphant sprinting season last year to stand on the Brook Stud would have been child's play to have suddenly been placed with the order to do likewise with Bairn, as late as January, can not have been easy in view of fierce competition from the Irish National Stud.

But Morgan-Jones did it in the space of ten days and what is more by the time he had finished his canvassing the horse was over subscribed two-fold to go to the Bacton Stud in Herefordshire.

By a good son of the legendary Northern Dancer, out of a mare by Sir Ivor, Bairn will appeal at £5,000 on foal no fee, more so, I suspect, than his owner Sheikh Mohammed's other horse Local Suitor, who has been reared to the Someries Stud at double that price.

Although Local Suitor was sufficiently gifted at home to inspire his trainer, Dick Hern, to say in the spring of last year that he was his best hope of winning the 2,000 Guineas since Brigadier Gerard the fact remains Local Suitor was never seen again in public after running badly in the Craven Stakes last year. So he retired with a question mark over his head as did Claude Monet, who never fulfilled Daniel Wildenstein's hopes and expectations because of a breathing problem.

But at £2,500 no foal no fee sum will be happy to take a chance with Claude Monet on the Derisley Wood Stud bearing in mind the fact that he is by the American champion Affirmed, out of that high-class mare Madella, who is by Caro.

Talking of Caro, whose son Cozzene was one of the stars of the show during last year's Breeders Cup series, Siberian Express, another of his sons is already assured of a full book also on the Derisley Wood Stud.

In Ireland, where that colossal operation at Coolmore has been expanded still further by the addition of both Commanche Run and Law Society, the Aga Khan's Ballymany Stud, on the edge of the Curragh, has also got a double injection of new blood with the arrival of Moukhtar along with Shernazar.

Finally, with the passing of Mill Reef Sonia Rogers now has an additional reason to be pleased with her shrewd decision to stand that great horse's son King of Clubs on her Airle Stud, which became a cornerstone of Irish breeding under the guidance of her late husband, Tim, and is happily remaining so under her direction.

TENNIS

Connors snaps back into action

From Richard Evans Boca Raton, Florida

A winter chill has started to nip at the night-time air here but it merely seemed to give Jimmy Connors the excuse to run faster, hit harder and generally waste as little time as possible in beating Steve Denton 6-2, 6-4 in the first round of the Lipton international players' championships.

Connors was late entry for this two-week event. His decision to play stemmed from a quarter-final loss in Memphis last week and a realization that he needed some match practice. "I seem to hit some balls," he explained to Rod Humphries, a veteran official, as he emerged from semi-retirement in Texas, where he breeds Doberman pinschers.

Connors is a pretty tame dog these days but for his opponents, there used to be a time when there was little to choose between facing a snarling Connors on a tennis court or a Doberman on a golf course. Both experiences tended to leave you scarred and bloody.

Connors, who pulled out of the Natick Masters with flu, even prior to Memphis since the Seiko Classic in Tokyo last October. Amazingly, one has to go back to that same tournament in 1984 to trace Connors' last tournament win. Yet surely the man's consistency that he is still managing to hold on to the No 4 spot in the ATP world rankings.

ICE SKATING

British champion omitted from team for Geneva

By John Hennessy

By a large majority the figure skating committee of the National Skating Association have preferred Steve Jackson, the preferred British champion, to Joanne Conway, the new holder of the title, for the world championships, in Geneva next month. There was nearly a full muster of the committee and all but a few of the 22 selectors voted for Miss Jackson, who, at 20, is six years the senior.

She will be accompanied, in a desperately thin team, by Cheryl Feake and Andrew Naylor, newcomers to the pairs event, and the Canadian champion, Sharon Jones and Paul Askin. There will be no British entry for the men's event, because Stephen Pickavance, who retained his title in November, skated the British championships in Copenhagen in November, bounced back with a good deal of resilience to finish seventh in the European championships, four places ahead of Miss Conway.

Miss Conway will no doubt be deeply disappointed, as will her trainers in the United States, Carlo and Christa Fassi, but she can hardly deny that Miss Jackson, after a comprehensive defeat at the British championships in Solihull in November, bounced back with a good deal of resilience to finish seventh in the European championships, four places ahead of Miss Conway. Yet surely the man's consistency that he is still managing to hold on to the No 4 spot in the ATP world rankings.

Conway was not yet ready for this occasion. It is an age-old dilemma in sport, whether to plump for the security of experience or run the risk of damaging a burgeoning bloom by over-exposure before the time is right. It is a pity that figure skating has no suitable equivalent to the gardener's "handing off" cold frame.

In November Miss Conway seemed a dazzling prospect (as indeed she still is), with sound compulsory figures, rock-solid command of the required elements in the hazardous short programme, apart perhaps from a questionable take-off in the double entry, and a versatile free skating routine. The stamain was there too, with a third double axel, perhaps the critical jump for women, placed just before the end of her programme.

Miss Jackson, by striking contrast, achieved only one double axel, early in her programme, leaving to reduce another to a single jump. In triple jumps, as well, the younger skater had the edge. But Miss Conway looked a different proposition in Copenhagen, with a corresponding loss of confidence, and it may be right to spare her a still before the end of her programme. In Geneva, with the rest of the world in the field.



In and out: Susan Jackson (left) and Joanne Conway

BASKETBALL

England running out of time for Europe

By Nicholas Harling

England players returned to the arena yesterday, still stunned by the way they had managed to lose to Switzerland at Leicester the night before. Luckily for them their 77-65 defeat did not really matter as both teams had already failed to qualify from group D of the world championship, but with prestige mattering and a good crowd expecting a performance worthy of the English Basketball Association's golden jubilee celebrations, it was not really what Bill Beswick, the England coach, had anticipated of his players.

Beswick claimed that his squad were not too relaxed, either going into the match - having beaten the Swiss by 15 points in Belmopan a year ago - or coming out for the second half, leading by five points, but some of his players clearly thought otherwise. "Maybe we were not psyched up enough," Dan Lloyd said. "It was kind of sluggish and there was the verdict of Drew Sewell.

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Gowran Park results

3.30 (2m 11h) Durdick Bells (F Barry) 10-112, Gorrada (R-113, 114) 10-112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

Motor racing

The prospects for racing to resume in Great Britain depend on Chepstow tomorrow. The going is soft and the stewards will inspect the course at 2pm today. Today's meeting at Fakenham was lost to frost. Tomorrow's cards at Windsor and Newcastle were called off yesterday because of frost and snow and at Nottingham the prospects are remote.

MOTOR RACING

Pole position at Daytona for Elliott

Bill Elliott and Geoff Bodine will start in pole position in the gruelling Daytona 500 on Sunday.

Elliott won pole position with a qualifying speed of 205.039 mph earlier this week when he won the pole at the outside place with a lap speed of 204.545 mph.

SNOOKER

First title brings Meo joy

Lausanne (Reuter) - The Executive Board of the International Olympic Committee have backed a proposal to throw open the summer and winter Games to all athletes, including currently excluded professionals. The 11-member board endorsed a plan to give "professional and state athletes the same opportunity", according to the president, Juan Antonio Samaranch.

This was a reference to professional athletes in western and South American countries, many of whom are barred from Olympic competition, and the state athletes maintained by socialist countries for the Olympics. The proposal by the

OLYMPIC GAMES

Professional Games a step nearer

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Samaranch said. "It will then be up to them to decide." The move would put pressure on the various federations to remove restrictions that prevent professional athletes from competing in the Olympics.

The International Football Federation and the International Ice Hockey Federation impose age restrictions and bar World Cup or National Hockey League players from Olympic competition. The board specifically approved accepting all football, ice hockey and tennis players, Samaranch said. Tennis will return as a full Olympic sport at the 1988 Seoul Games for the first time since the 1924 Games in Paris.

David Miller: Paris 35

GOLF: THE CIRCUITS OF MIXED PROMISE

Britons bring their influence to bear

From Paul Martin, Johannesburg

A group of 15 British professional golfers basking in the South African sunshine these past few weeks have mounted spirited counter-offensive against anti-apartheid critics back home who are demanding their expulsion from the European tour.

Despite threats to campaign against golfers who continue to play in South Africa, the British competitors on the Sunshine Circuit insist that they are helping to maintain the cause of multi-racialism in the firm. "We play with a lot more black golfers in every tournament here than you will find in a British or European event," Warren Humphries said. "In fact, I can't think of any black golfers presently playing the European circuit."

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None of the 15 British golfers here give their backing to apartheid, though they are not slow to contrast facilities here with those in apartheid South Africa. Humphries finds it hard to arrange a practice round on a British course that he does in South Africa.

Liddiard banned

A two-match suspension was imposed yesterday on David Liddiard, Oldham's Australian full back, by the Rugby League disciplinary committee in Leeds. Liddiard, who made a personal appearance, was dismissed for "dangerous kicking" in the match against Warrington on February 2.

Nicklaus earnest about issue of retirement

From John Ballantine Oahu, Hawaii

Will Jack Nicklaus announce his retirement from competition if he does not pull off his terrible slump? The "Golden Bear" faced this question with all the equanimity of a veteran who knows that his days are numbered before he tees off in the \$300,000 Hawaiian open yesterday on the par-72 Waialae course.

Open later

The British Women's Open championship will be held at Royal Birkenhead, Southport, from October 9 to 12. It had been proposed to stage the event in July, but none of the leading American players would have been available at that time.

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Law Report February 14 1986 House of Lords

Denial of worker's appeal can make dismissal unfair

West Midlands Co-Operative Society Ltd v Tipton

Before Lord Bridge of Harwich, Lord Roskill, Lord Brandon of Oakbrook, Lord Brightman and Lord Mackay of Clashfern

In a decision which an employer has acted reasonably in dismissing an employee...

The House of Lords so held in allowing an appeal by Mr J. Tipton from the order of the Court of Appeal (Lord Justice Ackner, Lord Justice Slade and Lord Justice Purchas) [1985] ICR 444

Mr Michael Beloff, QC and Mr John Hand for the employee; Mr M.K. Lee, QC and Mr John Mitting for the employer.

LORD BRIDGE said that the employee, employed as a milk worker for 37 years, had a bad record of absenteeism. After warnings he was summarily dismissed.

Under the terms of his contract of employment he was entitled to appeal to the society's chief executive officer. But the employers refused to entertain his appeal.

The Court of Appeal held that the question "whether... the employer acted reasonably" under section 5(3) of the Employment Protection (Consolidation) Act 1978 fell to be determined as to whether or not the dismissal, and that nothing after that date could be taken into account as relevant to that question.

The appeal therefore raised a question as to the importance in industrial relations law.

A substantial body of case law, based on decisions of the Employment Appeal Tribunal, supported the view that where an employer's reason for dismissing

an employee had been examined in the course of an agreed internal disciplinary procedure and that appeal had been dismissed, the industrial tribunal must take into account evidence available on the appeal in determining whether the employer acted reasonably in treating his reason for dismissal as sufficient.

If that view was right it would follow that a denial to the employee of a contractual right to an internal appeal could be used to justify a finding of unfair dismissal.

Conversely, if the Court of Appeal were right, it would follow that in every case where there had been a domestic appeal, the industrial tribunal would have to put on blinkers and consider only whether the employer acted reasonably in his original decision to dismiss.

Under section 57 there were three questions to be answered in determining whether a dismissal was fair: (1) What was the reason for the dismissal? (2) Was that reason a reason falling within section 5(1)? (3) Was the dismissal a dismissal of a kind such as to justify the dismissal of an employee holding the position which that employee held? (3) Did the employer act reasonably or unreasonably in treating that reason as a sufficient reason for dismissing the employee?

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Motoring by Clifford Webb

Ford cuts the price of safer braking



Ford Escort. First cheap anti-lock brake system

Ford has just completed a costly exercise to promote the face-lifted range of Escort and Orion models which will be reaching showrooms soon. It flew several plane loads of British motorist journalists to Finland to test the cars in arctic conditions of snow and ice with temperatures at times below -20C.

On the face of it, that seemed to make sound commercial sense, because the new Escorts and Orions are the first "cheap" family cars to be offered with an anti-lock brake system.

Even more newsworthy from a British point of view is that it is the new Lucas Girling Skid Control System (SCS), which is considerably cheaper than the more complex electronic Bosch and Teves systems. It appears to herald the breakthrough in price necessary to make an anti-lock equipment compulsory for all cars.

Ideal test conditions for anti-lock braking is a strip of icy road. But even better is a frozen lake of the same kind, where every corner is a trap.

It is then a simple matter of setting up a line of plastic cones and inviting drivers to approach the end of the line at speed. Then apply the brakes and experience the "miracle" of being able to keep your foot hard on the brake pedal and still be able to steer in and out of the line of cones.

We were turned loose on some 200 km of roads, many with polished ice covered by a fine layer of new snow. As we went, our new system worked better than we could have hoped.

Despite this handicap we did our best to assess the efficiency of the new Girling system. You could apply emergency braking and still continue to steer. There was no means of comparing this with similar cars equipped with studs but not anti-lock.

Ford explained that they had hoped to provide a later service but the weather was too warm until shortly before we arrived and they were not prepared to trust the ice.

One thing I did learn, however, from my Finnish trip was the immense damage caused to road surfaces by studs. For mile after mile motorway surfaces were marred by treacherous ruts up to 2 inches deep. They exactly matched the wheel tracks of the average car and had to be treated with great caution.

Alfa Romeo is still trying to get its act together to Britain. The latest moves include the appointment of yet another sales director, the arrival of two significant new variants in its best selling Alfa 33 range and the promise that the much delayed Alfa 75 replacement for the Giulietta and Alfetta will be here this summer.

But it is already too late? From a peak of 13,000 cars in 1979 sales have plummeted to a little over 3,000 last year. No one can live with those sort of losses, least of all the company's dealers. In the last two years it has lost nearly half its dealer network.

Alfa's struggle
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Alfa 33: Clawing its way up sales charts
To close the image gap Alfa is now releasing them with more powerful versions. The new 1.3S costs £5,710 and the new 1.5S costs £6,600.

Stay British
Staff at Land Rover's Solihull headquarters have been very moved by the hundreds of calls they have received from people protesting at government plans to sell the company to General Motors of America.

Whether foreign proceedings are in a civil or commercial matter
The House of Lords has decided in *State of Norway v Alver* that the court should give effect to the request of the foreign court unless it was driven to the clear conclusion that it could not properly do so.

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01-481 4422 CAR BUYERS' GUIDE 01-481 4422

LAND ROVER COUNTY 90 V8. 6,500 miles 7 months old, spare studded wheels & tires, radio etc. Cost £15,500 will sell at £9,500.

Mercedes 230 TE. June '85. Mercedes-Benz 230 TE. Mercedes-Benz 230 TE. Mercedes-Benz 230 TE.

ROLLS ROYCE & BENTLEY. BENTLEY MULSAPNE. 1981 Bentley Continental.

V.W. AND AUDI. VW SCIROCCO GTI 1983. Audi 100. Audi 100.

General. DISCOUNTS NOT IMPORTS. Renault 30 TX '83.

Mercedes. Mercedes 280 SL. Mercedes 280 SL.

ROLLS ROYCE & BENTLEY. ROLLS ROYCE & BENTLEY WANTED. Bentley Continental.

V.W. AND AUDI. AUDI QUATTRO. Audi Quattro.

BMW. BMW ALPINA. BMW ALPINA.

Mercedes. Mercedes 280 SL. Mercedes 280 SL.

ROLLS ROYCE & BENTLEY. ROLLS ROYCE & BENTLEY WANTED. Bentley Continental.

V.W. AND AUDI. AUDI QUATTRO. Audi Quattro.

ROVER 2600 VDP. Rover 2600 VDP.

Porsche. Porsche 928. Porsche 928.

ROLLS ROYCE & BENTLEY. ROLLS ROYCE & BENTLEY WANTED. Bentley Continental.

V.W. AND AUDI. AUDI QUATTRO. Audi Quattro.

REGISTRATION NUMBERS. Registration numbers.

Porsche. Porsche 928. Porsche 928.

ROLLS ROYCE & BENTLEY. ROLLS ROYCE & BENTLEY WANTED. Bentley Continental.

V.W. AND AUDI. AUDI QUATTRO. Audi Quattro.

CAR HIRE. Car hire.

Porsche. Porsche 928. Porsche 928.

ROLLS ROYCE & BENTLEY. ROLLS ROYCE & BENTLEY WANTED. Bentley Continental.

V.W. AND AUDI. AUDI QUATTRO. Audi Quattro.

PERSONAL COLUMNS

A time for flowers. Interflora

More than words can say

Interflora... More than words can say

Interflora... More than words can say

Interflora... More than words can say

Interflora... More than words can say

Interflora... More than words can say

Interflora... More than words can say

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THORP On 11th February at Northwood, in her 92nd year, Gladys, wife of the late Frederick and loved mother of Arthur, Joan and the late Victor, Service of Emmanuel Church, Northwood, on Wednesday, 12th February, followed by cremation at New West Cemetery, Northwood, on Thursday, 13th February, at 10.30 am. Family flowers to E. Spink, 104 Pioneer Road, Northwood, Tel. 28372.

UDALE Whitford Laura aged 86, on 7th Feb peacefully at Kingston Hospital, Fulham, Surrey, at 10.30 am on Wednesday, 12th February, followed by cremation at New West Cemetery, Northwood, on Thursday, 13th February, at 10.30 am. Family flowers to E. Spink, 104 Pioneer Road, Northwood, Tel. 28372.

VAUGHAN Robert Bradford formerly of Mansfield, Birmingham on February 12th at Fairbairn, Gwynedd Funeral on Wednesday, February 13th at 1.0 pm, Lodge Hill Crematorium, South Oak Road, Northwood, Tel. 28372.

WILLIS On 12th February 1986 peacefully in hospital, Harold, beloved husband of the late Edith, father and grandfather, followed by cremation at New West Cemetery, Northwood, on Thursday, 13th February, at 10.30 am. Family flowers to E. Spink, 104 Pioneer Road, Northwood, Tel. 28372.

LYTE Constance Martha, aged 86, on 12th February at St. John's Hospital, Northwood, followed by cremation at New West Cemetery, Northwood, on Thursday, 13th February, at 10.30 am. Family flowers to E. Spink, 104 Pioneer Road, Northwood, Tel. 28372.

MARIS Edith Joyce Corrie, aged 86, on 12th February at St. John's Hospital, Northwood, followed by cremation at New West Cemetery, Northwood, on Thursday, 13th February, at 10.30 am. Family flowers to E. Spink, 104 Pioneer Road, Northwood, Tel. 28372.

MARTIN On February 12th 1986, Bridget Owen, late of 100, Northwood, followed by cremation at New West Cemetery, Northwood, on Thursday, 13th February, at 10.30 am. Family flowers to E. Spink, 104 Pioneer Road, Northwood, Tel. 28372.

MCCLELLAN On 13th February 1986 peacefully, William, aged 88 years, of the Oshana, Northwood, followed by cremation at New West Cemetery, Northwood, on Thursday, 14th February, at 10.30 am. Family flowers to E. Spink, 104 Pioneer Road, Northwood, Tel. 28372.

MEYNELL On February 12th at St. John's Hospital, Northwood, followed by cremation at New West Cemetery, Northwood, on Thursday, 13th February, at 10.30 am. Family flowers to E. Spink, 104 Pioneer Road, Northwood, Tel. 28372.

MITCHELL On February 11th 1986 peacefully at the John Radcliffe Hospital, Oxford, followed by cremation at New West Cemetery, Northwood, on Thursday, 13th February, at 10.30 am. Family flowers to E. Spink, 104 Pioneer Road, Northwood, Tel. 28372.

MORRIS On February 11th, in Rhodes, in Northwood, followed by cremation at New West Cemetery, Northwood, on Thursday, 13th February, at 10.30 am. Family flowers to E. Spink, 104 Pioneer Road, Northwood, Tel. 28372.

MURPHY On February 11th at St. John's Hospital, Northwood, followed by cremation at New West Cemetery, Northwood, on Thursday, 13th February, at 10.30 am. Family flowers to E. Spink, 104 Pioneer Road, Northwood, Tel. 28372.

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